

State of Illinois
WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
FOR THE YEAR ENDED JUNE 30, 2023

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

Will County
Regional Office of Education No. 56
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June 30, 2023

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**Will County
Regional Office of Education No. 56
Officials
June 30, 2023**

Regional Superintendent (07/01/2023 to present)	Dr. Lisa Caparelli-Ruff
Regional Superintendent (06/16/2023 to 06/30/2023)	Vacant
Regional Superintendent (07/01/2022 to 06/15/2023)	Dr. Shawn T. Walsh
Assistant Regional Superintendent (07/01/2023 to present)	Dr. John Sparlin
Assistant Regional Superintendent (03/01/2023 to 06/30/2023)	Vacant
Assistant Regional Superintendent (07/01/2022 to 02/28/2023)	Dr. Peter Sullivan

Office is located at:

116 North Chicago Street, Suite 400
Joliet, Illinois 60432

WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56

COMPLIANCE REPORT SUMMARY

For the Year Ended June 30, 2023

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

AUDITOR'S REPORT

The auditor's reports on compliance and internal controls do not contain scope limitations, disclaimers or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	7	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2023-001	15	Lack of Controls Over Journal Entries	Significant Deficiency
2023-002	16	Inadequate Control Over Procurement Card Transactions	Significant Deficiency
2023-003	17	Delay of Audit	Compliance
2023-004	19	Inadequate Controls Over Payroll	Material Weakness
2023-005	22	Inadequate Controls Over Expenditures	Material Weakness
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
2023-004	24	Inadequate Controls Over Payroll	Material Weakness
2023-005	24	Inadequate Controls Over Expenditures	Material Weakness
2023-006	25	Lack of Written Procurement Policy	Compliance
2023-007	27	Late Submission of Expense Report to the Illinois State Board of Education	Compliance

PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR AUDIT FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

None

EXIT CONFERENCE

The Will County Regional Office of Education No. 56 did not request an exit conference to discuss the audit for the year ended June 30, 2023

WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2023

The audit of the accompanying basic financial statements of the Will County Regional Office of Education No. 56 was performed by GW & Associates PC.

Based on their audit, the auditors expressed an unmodified opinion on the Will County Regional Office of Education No. 56's basic financial statements.



INDEPENDENT AUDITORS' 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Will County Regional Office of Education No. 56'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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education No. 56, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Will County Regional Office of Education No. 56, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Will County Regional Office of Education No. 56's ability to continue as a going concern for twelve

months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, Teachers' Health Insurance Security Fund Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, Teacher's Health Insurance Security Fund Schedule of the Employer Contributions and Health Insurance Plan Schedule of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required

by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Will County Regional Office of Education No. 56's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of the Will County Regional Office of Education No. 56'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 the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control over financial reporting and compliance.

[Auditor's Signature on File]

Hillside, Illinois
November 26, 2024



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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education No. 56 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Will County Regional Office of Education No. 56’s basic financial statements, and we have issued our report thereon dated November 26, 2024.

Internal Control Over Financial Reporting

Management of the Will County Regional Office of Education No. 56 is responsible for establishing and maintaining internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Will County Regional Office of Education No. 56’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 the Will County Regional Office of Education No. 56’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Will County Regional Office of Education No. 56’s internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004 through 2023-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Will County Regional Office of Education No. 56's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003.

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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

[Auditor's Signature on File]

Hillside, Illinois
November 26, 2024



INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by the Will County Regional Office of Education No. 56 with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Will County Regional Office of Education No. 56's major federal programs for the year ended June 30, 2023. The Will County Regional Office of Education No. 56's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Will County Regional Office of Education No. 56 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Will County Regional Office of Education No. 56 and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major federal program. Our audit does not provide a legal determination of the Will County Regional Office of Education No. 56's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Will County Regional Office of Education No. 56's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Will County Regional Office of Education No. 56's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Will County Regional Office of Education No. 56's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Will County Regional Office of Education No. 56's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Will County Regional Office of Education No. 56's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the (Board)'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as 2023-006 and 2023-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Will County Regional Office of Education No. 56's responses to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Will County Regional Office of Education No. 56's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004 and 2023-005 to be material weaknesses.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Will County Regional Office of Education No. 56's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Will

County Regional Office of Education No. 56's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

[Auditor's Signature on File]

Hillside, Illinois
November 26, 2024

WILL COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 56
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements in Accordance with GAAP

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	Yes
• Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weaknesses identified?	Yes
• Significant deficiency identified?	No
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.196	Education for Homeless Children and Youth McKinney Education for Homeless Children

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-001 – Lack Of Controls Over Journal Entries

Criteria/Specific Requirements

An effective system of internal controls includes the maintenance of documentation to support journal entries as well as evidence of supervisory approval of those entries.

Statement of Auditing Standards No. 99 notes that “Material misstatements of financial statements due to fraud often involve the manipulation of the financial reporting process by (a) recording inappropriate or unauthorized journal entries throughout the year or at period end, or (b) making adjustments to amounts reported in the financial statements that are not reflected in formal journal entries, such as through consolidating adjustments, report combinations and reclassifications.” Inadequate controls over journal entries increases this risk.

Condition

The Regional Office of Education #56 was unable to provide documentation to support 6 of 8 (75%) journal entries tested. Consequently, the auditors were unable to determine the reasonableness of 4 of these entries. In addition, there was no indication that these six journal entries were approved by supervisory personnel.

Effect

Lack of sufficient internal controls over journal entries of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

Cause

Regional Office of Education management indicated the ROE did not keep files or support for journal entries.

Recommendation

We recommend that policies be implemented to require 1) maintenance of supporting documentation for journal entries and 2) documented supervisory approval of journal entries.

Management Response

We agree with the finding. Journal entries, with supporting documentation and an explanation, will be posted only after the signed approval of the Regional Superintendent or a designee.

REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-002 – Inadequate Controls Over Procurement-Card Transactions

Criteria/Specific Requirements

The Regional Office of Education #56 is required to maintain a system of controls over disbursements to prevent errors, omissions, and fraud.

Condition

Internal controls over disbursements are not effectively designed and implemented. While obtaining an understanding of the procurement-card (P-card) transaction process, auditors noted that supporting documentation was not consistently maintained for all P-card transactions. Based on a review of three months of credit card statements, four larger transactions of over \$1,000 each totaling \$13,513 did not include credit card slips or other documentation as to the purpose or details of the purchase.

Effect

Regional Office of Education #56's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct errors, omissions, and/or fraud in a timely manner.

Cause

Regional Office of Education #56 management indicated that a consistent review and approval process was not in place for all P-card users.

Recommendation

We recommend the Regional Office of Education #56 establish a consistent policy for P-card use which includes submission of P-card documentation for each use and a reconciliation of such documentation to monthly statements.

Management Response

We agree with the finding. A policy will be adopted and the p-card purchases will be supported by receipts, coded to the chart of accounts, and reconciled monthly.

REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-003 – Delay of Audit

Criteria/Specific Requirements

The Regional Office of Education #56 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The Regional Office of Education or Education Service Center may utilize a cash basis, modified cash basis or Generally Accepted Accounting Principles (GAAP) basis of accounting to prepare the financial statements for audit.

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.

Condition

While the Regional Office of Education #56 provided draft financial statements by August 31, 2023, they did not have all books and records available in auditable form by the August 15th deadline. The actual start date of audit fieldwork was postponed until March 13, 2024 as that was the earliest date by which the Regional Office of Education #56 was prepared for the audit.

Effect

When books and records are not available in auditable form 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 loss of funding.

Cause

Regional Office of Education #56 management indicated they incurred key employee turnover which has put them behind in financial reporting.

REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-003 Delay of Audit (Continued)

Recommendation

The Regional Office of Education #56 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). All books and records deemed necessary to make and complete the required audits shall be in auditable form by the August 15th deadline.

Management Response

We agree with the finding. A new CFO/CPA is being hired and will improve financial reporting and coordination with the independent auditor.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-004 – Inadequate Controls Over Payroll

Federal Program Name and Year: McKinney Education for Homeless Children

Project Number: 2022-4920-RF and 2023-4920-RF

Assistance Listing No.: 84.196

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirements

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) section 430 requires charges for salaries and benefits to be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, and properly allocated. It also requires records to be used to support the distribution of employee salaries and benefits among specific activities if the employee works on multiple programs.

The Uniform Guidance section 200.303 Internal Controls states the following: “The non Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition

During our testing of a sample of four payroll transactions from the McKinney Education for Homeless Children grant, we noted that time sheets or time and effort reports were not available for any employees tested. As a result, we were unable to determine the accuracy of the payments to those employees.

During our testing of an additional sample of 40 payroll transactions covering 29 employees and 10 pay periods of the Regional Office of Education #56 for purposes of testing controls over financial reporting, we noted the following:

- Contracts specifying gross pay could not be provided for six employees
- Three employee contracts lacked approval by the Regional Superintendent
- Twelve payroll transactions were not supported by timesheets
- Timesheets for four payroll transactions lacked supervisory approval
- The Payroll Payment Authorization form for one pay period was not approved by the Regional Superintendent.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-004 – Inadequate Controls Over Payroll (Continued)

During our testing of salary expenditures, we noted that total wages reported on the quarterly Form 941s for the year were \$152,269 less than salary expenditures reported in the general ledger accounts. Regional Office of Education #56 personnel could not explain the variance or provide a reconciliation of Form 941 amounts to the general ledger.

Questioned Costs

None

Context

The Regional Office of Education expended a total of \$1,187,011 of federal awards in fiscal year 2023. Total salaries and benefits charged to the McKinney Education for Homeless Children grant of \$141,933 represents 21 percent of expenditures of that grant for the year.

Effect

Without maintained time sheets or time and effort reports, the allocation of employee’s time to grant programs cannot be accurately determined, and, in the case of hourly employees, the accuracy of pay cannot be verified. Also, lack of approvals on supporting documentation and lack of an audit trail increases the risk of unauthorized or erroneous payments to employees. Finally, the inability to reconcile wages per Form 941s to the general ledger could be indicative of errors in general ledger classifications or in the preparation of employee Form W-2s or Form 941s.

Cause

Regional Office of Education #56 management indicated that Lincoln School has had several bookkeepers recently and the current bookkeeper has only been at her position for a short amount of time and did not have access to and/or could not locate these files.

Recommendation

We recommend that the Regional Office of Education #56:

- Review their payroll files to ensure that contracts approved by the Regional Superintendent or other authorization for pay rates exist;
- Enhance procedures to ensure that timesheets or time and effort reports are prepared, maintained and approved;

REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-004 – Inadequate Controls Over Payroll (Continued)

- Ensure that Payroll Payment Authorization forms are approved by the Regional Superintendent prior to payment of the payroll; and
- Prepare and maintain documentation reconciling Form 941 wages to general ledger salary expenditures.

Management Response

We agree with the finding. The new CFO/CPA will ensure contracts support the payroll and that rates have approval and a rationale; timesheets are approved and maintained properly; payroll is approved by the Regional Superintendent prior to payroll; and, that 941's are reconciled to the general ledger.

REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-005 – Inadequate Controls Over Expenditures

Federal Program Name and Year: McKinney Education for Homeless Children

Project Number: 2022-4920-RF and 2023-4920-RF

Assistance Listing No.: 84.196

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirements

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) require that the Regional Office follow the standards set forth at 2 CFR 200.334 that requires “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

The Uniform Guidance section 200.303 Internal Controls states the following: “The non Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

In addition, Regional Office of Education #56 practices require the stamping of invoices as “paid” when processed in order to avoid duplicate payments.

Condition

During our testing of a sample of 40 expenditures of McKinney Education for Homeless Children grant funds by the Regional Office of Education #56, we noted that six expenditures totaling \$52,005 did not have any supporting documentation. In addition, for those expenditures with supporting documentation, none of the invoices were stamped “paid”.

During our testing of an additional sample of 40 expenditure transactions of the Regional Office of Education #56 for purposes of testing controls over financial reporting, we noted the following:

- No documentation was available for four expenditures
- No supporting invoices, but only purchase orders, were available for three expenditures
- One invoice was not stamped “paid”.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-005 – Inadequate Controls Over Expenditures (Continued)

Questioned Costs

\$52,005

Context

The Regional Office of Education expended a total of \$1,187,011 of federal awards in fiscal year 2023. Of the total number of transactions tested (both grant and non-grant), 12.5% lacked any type of documentation. The greater percentage of total exceptions related to grant expenditures.

Effect

Inadequate controls over expenditures increase the risk of unauthorized or inappropriate spending as well as duplicate payment of invoices. A lack of supporting documentation for expenditures also results in questioned costs.

Cause

Regional Office of Education #56 management indicated that they have gone through many personnel changes recently and the new personnel had some difficulty finding files from when their predecessors were employed. Also, the “paid” stamp should have been used but was not used by everyone.

Recommendation

We recommend the Regional Office of Education #56 establish procedures to ensure that documentation supporting expenditures of federal awards is maintained in accordance with the Uniform Guidance. In addition, we recommend that the Regional Office of Education #56’s practice of cancelling invoices upon payment be consistently followed.

Management Response

We agree with the finding. Expenditures of federal funds will be more closely monitored, more adequately supported, and paid invoices will be marked as paid. Uniform Guidance will be more closely followed.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION III – FEDERAL AWARDS FINDINGS
For the Year Ended June 30, 2023**

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES:

FINDING NO. 2023-004 – Inadequate Controls Over Payroll (finding details on pages 19-21)

FINDING NO. 2023-005 – Inadequate Controls Over Expenditures (finding details on pages 22-23)

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION III – FEDERAL AWARDS FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-006 – Lack of Written Procurement Policy

Federal Program Name and Year: All federal awards

Project Number: All federal awards

Assistance Listing No: All

Passed Through: N/A

Federal Agency: All federal agencies

Criteria/Specific Requirements

Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Section 200.318 general procurement standards provide:

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in Section 200.317 through 200.327.

Condition

The Regional Office of Education #56 does not have documented procurement policies in accordance with Federal requirements.

Questioned Costs

None

Context

While procurement, suspension and debarment was not tested as part of the major program testing, in obtaining an understanding of internal controls, the auditors determined that the procurement policy required by all federal programs does not exist.

Effect

The Regional Office of Education #56's failure to have documented procurement policies represents a lack of compliance with Federal procurement requirements and could result in loss of federal funding.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION III – FEDERAL AWARDS FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-006 – Lack of Written Procurement Policy (Continued)

Cause

Regional Office of Education #56 management indicated that they never prioritized completing a procurement policy.

Recommendation

We recommend that the Regional Office of Education #56 establish documented procurement policies in accordance with Uniform Guidance.

Management Response

We agree with the finding. A documented procurement policy will be established in accordance with Uniform Guidance.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION III – FEDERAL AWARDS FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-007 – Late Submission of Expenditure Report to the Illinois State Board of Education

Federal Program Name and Year: McKinney Education for Homeless Children

Project Number: 2022-4920-RF and 2023-4920-RF

Assistance Listing #: 84.196

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirements

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that a non-federal entity’s financial management system, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award. Furthermore, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The Illinois State Board of Education (“ISBE”) requires monthly expenditure reports to be submitted within 20 days after the period end.

Condition

One out of five (20%) expenditure reports tested was submitted by the Regional Office of Education #56 to ISBE 63 days after the period end or 43 days late.

Questioned Costs

None

Context

The late submission was the first report submitted for the fiscal year and reported cumulative expenditures of \$15,163. Total expenditures of this grant were \$686,293.

**REGIONAL OFFICE OF EDUCATION #56
SCHEDULE OF FINDINGS AND RESPONSES
SECTION III – FEDERAL AWARDS FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-007 – Late Submission of Expenditure Report to the Illinois State Board of Education (Continued)

Effect

The late submission of expenditure reports to ISBE represents a lack of compliance with their requirements and may effect future funding with grantors.

Cause

Regional Office of Education #56 management indicated that expenditures for this grant were not able to be entered into ISBE's system until October resulting in a shorter time frame for submission compared to other quarters.

Recommendation

We recommend that the Regional Office of Education #56 establish procedures to ensure that reports are submitted on a timely basis.

Management Response

We agree with the finding. Procedures will be established to ensure that expenditure reports are filed on a timely basis.



**REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-001 - Lack of Controls Over Journal Entries

Condition:

The Regional Office of Education #56 was unable to provide documentation to support 6 of 8 (75%) journal entries tested. Consequently, the auditors were unable to determine the reasonableness of 4 of these entries. In addition, there was no indication that these six journal entries were approved by supervisory personnel.

Plan:

We agree with the finding. Journal entries, with supporting documentation and an explanation, will be posted only after the signed approval of the Regional Superintendent or a designee.

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent



REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-002 - Inadequate Controls Over Procurement-Card Transactions

Condition:

Internal controls over disbursements are not effectively designed and implemented. While obtaining an understanding of the procurement-card (P-card) transaction process, auditors noted that supporting documentation was not consistently maintained for all P-card transactions. Based on a review of three months of credit card statements, four larger transactions of over \$1,000 each totaling \$13,513 did not include credit card slips or other documentation as to the purpose or details of the purchase.

Plan:

We agree with the finding. A policy will be adopted and the p-card purchases will be supported by receipts, coded to the chart of accounts, and reconciled monthly

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent



**REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

FINDING NO. 2023-003 - Delay of Audit

Condition:

The Regional Office of Education #56 provided draft financial statements by August 31, 2023, they did not have all books and records available in auditable form by the August 15th deadline. The actual start date of audit fieldwork was postponed until March 2024 as that was the earliest date by which the Regional Office of Education #56 was prepared for the audit.

Plan:

We agree with the finding. A new CFO/CPA is being hired and will improve financial reporting and coordination with the independent auditor.

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent



REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-004 - Inadequate Controls Over Payroll

Condition:

During our testing of a sample of four payroll transactions from the McKinney Education for Homeless Children grant, we noted that time sheets or time and effort reports were not available for any employees tested. As a result, we were unable to determine the accuracy of the payments to those employees.

During our testing of an additional sample of 40 payroll transactions covering 29 employees and 10 pay periods of the Regional Office of Education #56 for purposes of testing controls over financial reporting, we noted the following:

- Contracts specifying gross pay could not be provided for six employees
- Three employee contracts lacked approval by the Regional Superintendent
- Twelve payroll transactions were not supported by timesheets
- Timesheets for four payroll transactions lacked supervisory approval
- The Payroll Payment Authorization form for one pay period was not approved by the Regional Superintendent.

During our testing of salary expenditures, we noted that total wages reported on the quarterly Form 941s for the year were \$152,269 less than salary expenditures reported in the general ledger accounts. Regional Office of Education #56 personal could not explain the variance or provide a reconciliation of Form 941 amounts to the general ledger.

Plan:

We agree with the finding. The new CFO/CPA will ensure contracts support the payroll and that rates have approval and a rationale; timesheets are approved and maintained properly; payroll is approved by the Regional Superintendent prior to payroll; and, that 941's are reconciled to the general ledger.

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent



REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-005 - Inadequate Controls Over Expenditures

Condition:

During our testing of a sample of 40 expenditures of McKinney Education for Homeless Children grant funds by the Regional Office of Education #56, we noted that six expenditures totaling \$52,005 did not have any supporting documentation. In addition, for those expenditures with supporting documentation, none of the invoices were stamped “paid”.

During our testing of an additional sample of 40 expenditure transactions of the Regional Office of Education #56 for purposes of testing controls over financial reporting, we noted the following:

- No documentation was available for four expenditures
- No supporting invoices, but only purchase orders, were available for three expenditures
- One invoice was not stamped “paid”.

Plan:

We agree with the finding. Expenditures of federal funds will be more closely monitored, more adequately supported, and paid invoices will be marked as paid. Uniform Guidance will be more closely followed.

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent



REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-006 - Lack of Written Procurement Policy

Condition:

The Regional Office of Education #56 does not have documented procurement policies in accordance with Federal requirements.

Plan:

We agree with the finding. A documented procurement policy will be established in accordance with Uniform Guidance.

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent



REGIONAL OFFICE OF EDUCATION NO. 56
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023

FINDING NO. 2023-007 - Late of Submission of Expenditure Report to the Illinois State Board of Education

Condition:

One out of five (20%) expenditure reports tested was submitted by the Regional Office of Education #56 to ISBE 63 days after the period end or 43 days late.

Plan:

We agree with the finding. Procedures will be established to ensure that expenditure reports are filed on a timely basis.

Anticipated Date of Completion:

June 30, 2025

Name of Contact Person:

Dr. Lisa Caparelli-Ruff, Regional Superintendent

WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2023

No findings were reported for the year ended June 30, 2022.

**Will County
Regional Office of Education No. 56
Management's Discussion and Analysis
June 30, 2023**

The Will County Regional Office of Education No. 56 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2023, with comparative information for the year ended June 30, 2022. Readers are encouraged to consider the information in conjunction with the Will County Regional Office of Education No. 56's financial statements that follow.

2023 Financial Highlights

- The General Fund revenues increased by \$78,428 (3%) from \$2,305,171 in fiscal year 2022 to \$2,383,599 in fiscal year 2023. Revenue increased mainly due to the increase in the General State Aid grant receipts and Lincoln School revenues. The General Fund expenditures increased by \$771,371 (38%) from \$2,021,837 in fiscal year 2022 to \$2,793,208 in fiscal year 2023. The increase in expenditures was primarily due to the expenditures incurred for the Lincoln School and due to the impact of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.
- The Special Revenue Fund revenues increased by \$420,946 (17%) from \$2,447,255 in fiscal year 2022 to \$2,868,201 in fiscal year 2023. Revenue increased mainly because of the increase in the ROE/ISC operations and Grundy/Kendall County ROE/ISC Operations grants received in fiscal year 2023. The Special Revenue Fund expenditures increased by \$378,811 (15%) from \$2,595,337 in fiscal year 2022 to \$2,974,148 in fiscal year 2023, due to increased expenditures in ROE/ISC operations and Grundy/Kendall County ROE/ISC Operations grants and due to the impact of GASB Statement No. 87, *Leases*.
- The Enterprise Fund revenues increased by \$210,136 (22%) from \$937,079 in fiscal year 2022 to \$1,147,215 in fiscal year 2023. Revenue increased due to increased in workshops conducted in fiscal year 2023. The Enterprise Fund expenses increased by \$221,373 (26%) from \$861,407 in fiscal year 2022 to \$1,082,780 in fiscal year 2023, relatively due to the increase in Local PDA fund activities.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Will County Regional Office of Education No. 56's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Will County Regional Office of Education No. 56 as a whole and present an overall view of the Office's finances.

Using This Report (Continued)

- *Fund financial statements* report the Will County Regional Office of Education No. 56's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and *other supplementary information* includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts, Professional Development Alliance (PDA) Fund accounts, and other nonmajor funds.

Reporting the Will County Regional Office as a Whole

It is important to note that many grants are a cooperative effort of the Will County Regional Office of Education No. 56 and the Grundy/Kendall Counties Regional Office of Education No. 24. Therefore, these figures may reflect grants that are intended to serve Will County only and grants that serve Will, Grundy, and Kendall Counties.

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements

The Government-wide financial statements report information about the Will County Regional Office of Education No. 56 as a whole. The Statement of Net Position includes all of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB Statement No. 34.

The Government-wide financial statements report the Will County Regional Office of Education No. 56's net position and how they have changed. Net Position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the Will County Regional Office of Education No. 56's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Will County Regional Office of Education No. 56's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

The Statement of Net Position and the Statement of Activities (Continued)

Fund Financial Statements

The fund financial statements provide detailed information about the Will County Regional Office of Education No. 56's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Will County Regional Office of Education No. 56 established other funds to control and manage money for particular purposes.

The Office has two kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Will County Regional Office of Education No. 56 are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Will County Regional Office of Education No. 56's programs. The required governmental funds financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The required proprietary funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Government-Wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Will County Regional Office of Education No. 56. The net position at the end of fiscal year 2023 and fiscal year 2022 totaled \$6,354,076 and \$5,837,214, respectively. The analysis that follows provides a summary of the Will County Regional Office of Education No. 56's net position as of June 30, 2023 and 2022.

**Will County
Regional Office of Education No. 56
Management's Discussion and Analysis
June 30, 2023**

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 6,193,097	\$ 5,737,573	\$ 985,719	\$ 880,644	\$ 7,178,816	\$ 6,618,217
Noncurrent assets	864,133	511,653	7,354	362,536	871,487	874,189
TOTAL ASSETS	7,057,230	6,249,226	993,073	1,243,180	8,050,303	7,492,406
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	249,175	37,141	318,691	79,421	567,866	116,562
Deferred outflows related to OPEB	41,172	48,898	–	–	41,172	48,898
TOTAL DEFERRED OUTFLOWS OF RESOURCES	290,347	86,039	318,691	79,421	609,038	165,460
LIABILITIES						
Current liabilities	578,245	276,099	3,040	10,325	581,285	286,424
Noncurrent liabilities	773,514	710,846	62,561	4,681	836,075	715,527
TOTAL LIABILITIES	1,351,759	986,945	65,601	15,006	1,417,360	1,001,951
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	136,541	139,230	152,299	288,344	288,840	427,574
Deferred inflows related to OPEB	599,065	391,127	–	–	599,065	391,127
TOTAL DEFERRED INFLOWS OF RESOURCES	735,606	530,357	152,299	288,344	887,905	818,701
NET POSITION						
Net investment in capital assets	18,173	(1,356)	997	8,709	19,170	7,353
Restricted for educational purposes	1,631,198	1,645,085	–	347,470	1,631,198	1,992,555
Unrestricted	3,610,841	3,174,234	1,092,867	663,072	4,703,708	3,837,306
TOTAL NET POSITION	\$5,260,212	\$ 4,817,963	\$1,093,864	\$1,019,251	\$ 6,354,076	\$ 5,837,214

The Will County Regional Office of Education No. 56's net position increased by \$516,862 (9%) from fiscal year 2022. The increase was mainly due to increase in Institute, General State Aid, and Local PDA fund revenues, and the impact of GASB Statement No. 87, *Leases* in fiscal year 2023.

**Will County
Regional Office of Education No. 56
Management's Discussion and Analysis
June 30, 2023**

CHANGES IN NET POSITION

The following analysis shows the changes in net position for the years ended June 30, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 2,733,502	\$ 2,372,197	\$ -	\$ -	\$ 2,733,502	\$ 2,372,197
General revenues:						
Local sources	405,584	295,558	-	-	405,584	295,558
State sources	1,164,886	1,100,020	-	-	1,164,886	1,100,020
On-behalf payments - local	636,228	644,619	-	-	636,228	644,619
On-behalf payments - State	450,764	560,607	-	-	450,764	560,607
Fees for services	-	-	1,147,215	937,079	1,147,215	937,079
Interest	46,023	3,231	10,178	667	56,201	3,898
Total revenues	<u>5,436,987</u>	<u>4,976,232</u>	<u>1,157,393</u>	<u>937,746</u>	<u>6,594,380</u>	<u>5,913,978</u>
Expenses:						
Education:						
Salaries and benefits	1,913,584	1,119,797	617,961	637,040	2,531,545	1,756,837
Purchased services	880,642	687,599	352,780	241,056	1,233,422	928,655
Supplies and materials	268,796	275,200	43,397	29,248	312,193	304,448
Miscellaneous	934	3,840	4,882	10,493	5,816	14,333
Capital outlay	4,026	23,148	-	-	4,026	23,148
Pension expense (benefit)	(9,024)	(17,626)	56,048	(62,132)	47,024	(79,758)
OPEB expense (benefit)	(79,814)	(101,889)	-	-	(79,814)	(101,889)
Depreciation and amortization	373,565	276,154	7,712	5,702	381,277	281,856
Intergovernmental:						
Payments to other governments	511,667	973,325	-	-	511,667	973,325
Debt service:						
Interest on leases	43,370	16,926	-	34	43,370	16,960
Administrative:						
On-behalf payments - local	636,228	644,619	-	-	636,228	644,619
On-behalf payments - State	450,764	560,607	-	-	450,764	560,607
Total expenses	<u>4,994,738</u>	<u>4,461,700</u>	<u>1,082,780</u>	<u>861,441</u>	<u>\$6,077,518</u>	<u>5,323,141</u>
Change in net position	442,249	514,532	74,613	76,305	516,862	590,837
Net position, beginning of year	4,817,963	4,303,431	1,019,251	942,946	5,837,214	5,246,377
Net position, end of year	<u>\$ 5,260,212</u>	<u>\$ 4,817,963</u>	<u>\$ 1,093,864</u>	<u>\$ 1,019,251</u>	<u>\$ 6,354,076</u>	<u>\$ 5,837,214</u>

**Will County
Regional Office of Education No. 56
Management's Discussion and Analysis
June 30, 2023**

Governmental Activities

Revenues for governmental activities were \$5,436,988 and expenditures were \$4,994,738. The increase in revenues and expenditures was due to the increase in ROE/ISC operations and Grundy/Kendall County ROE/ISC Operations grants received this year.

Business-Type Activities

Revenues for business-type activities were \$1,157,393 and expenses were \$1,082,780. The increase in revenues is due to increased workshop activities during the fiscal year. The increase in expenses was brought about by the increase in pension and purchased services expenses during the year.

Financial Analysis of the ROE No. 56 Funds

As previously noted, the Will County Regional Office of Education No. 56 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Will County Regional Office of Education No. 56's Governmental Funds reported combined fund balances amounting to \$6,354,076.

Governmental Fund Highlights

Will County Regional Office of Education No. 56 received new federal funding for American Rescue Plan Elementary and Secondary School Emergency Relief Grant (ESSER III), however, no funding was received for the American Rescue Plan Elementary during the year, thus, decreasing total federal revenues in fiscal year 2023. Fundings for ROE/ISC operations and Grundy/Kendall County ROE/ISC Operations increased during the year, thus, increasing total State revenues in fiscal year 2023.

Proprietary Fund Highlights

Total proprietary fund net position increased by \$74,613 (7%) primarily due to increased workshop activities during the fiscal year.

Budgetary Highlights

The Will County Regional Office of Education No. 56 annually adopts budgets for several funds. The PDA Budget is prepared by the Executive Director of the PDA and approved by a joint Governing Board representing Will, Grundy, and Kendall Counties. The Regional Safe Schools Budget is approved by a similar board. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Will County Regional Office of Education No. 56

**Will County
Regional Office of Education No. 56
Management's Discussion and Analysis
June 30, 2023**

and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

As of June 30, 2023, the Will County Regional Office of Education No. 56 capital assets include office equipment, computers, audio-visual equipment, building improvements and leased building. The Will County Regional Office of Education No. 56 maintains an inventory of capital assets which have been accumulated over time. During the fiscal year, due to the implementation of GASB Statement No. 87 and GAB Statement No. 96, right-to-use leased assets and subscription asset totaling \$821,298 and \$48,000, respectively were recognized. Total depreciation and amortization expense for the fiscal year 2023 was \$381,277.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Will County Regional Office of Education No. 56 was aware of several existing circumstances that could affect its financial condition in the future:

- County board support for Will County Regional Office of Education No. 56 is expected to maintain level funding from the fiscal year 2025 funding level.
- Will County Regional Office of Education No. 56 is not awarded with Truants Alternative/Options Education due to lower grant dollars.
- Will County Regional Office of Education No. 56 received an increase in ROE\ISC Operations grant for fiscal year 2024.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Will County Regional Office of Education No. 56's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of Schools, Will County Regional Office of Education No. 56, 116 North Chicago Street, Suite 400, Joliet, Illinois 60432.

Will County
Regional Office of Education No. 56
Statement of Net Position
June 30, 2023
Exhibit A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,090,425	\$ 860,733	\$ 6,951,158
Accounts receivable	2,940	70,744	73,684
Due (to) from other funds	(54,242)	54,242	-
Due from other governments	153,974	-	153,974
Total current assets	<u>6,193,097</u>	<u>985,719</u>	<u>7,178,816</u>
Noncurrent assets:			
Capital assets, net	864,133	7,354	871,487
TOTAL ASSETS	<u>7,057,230</u>	<u>993,073</u>	<u>8,050,303</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	249,175	318,691	567,866
Deferred outflows related to OPEB	41,172	-	41,172
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>290,347</u>	<u>318,691</u>	<u>609,038</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	87,570	1,364	88,934
Interest payable	4,496	-	4,496
Unearned revenue	139,305	-	139,305
Lease payable, current portion	346,874	1,676	348,550
Total current liabilities	<u>578,245</u>	<u>3,040</u>	<u>581,285</u>
Noncurrent liabilities:			
Lease payable	499,086	4,681	503,767
Net pension liabilities	81,355	57,880	139,235
OPEB liabilities	193,073	-	193,073
Total noncurrent liabilities	<u>773,514</u>	<u>62,561</u>	<u>836,075</u>
TOTAL LIABILITIES	<u>1,351,759</u>	<u>65,601</u>	<u>1,417,360</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	136,541	152,299	288,840
Deferred inflows related to OPEB	599,065	-	599,065
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>735,606</u>	<u>152,299</u>	<u>887,905</u>
NET POSITION			
Net investment in capital assets	18,173	997	19,170
Restricted for educational purposes	1,631,198	-	1,631,198
Unrestricted	3,610,841	1,092,867	4,703,708
TOTAL NET POSITION	<u>\$ 5,260,212</u>	<u>\$ 1,093,864</u>	<u>\$ 6,354,076</u>

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

Will County
Regional Office of Education No. 56
Statement of Activities
For the Year Ended June 30, 2023
Exhibit B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional services						
Salaries and benefits	\$ 1,913,584	\$ -	\$ 1,480,057	\$ (433,527)	\$ -	\$ (433,527)
Purchased services	880,642	-	681,130	(199,512)	-	(199,512)
Supplies and materials	268,796	-	207,900	(60,896)	-	(60,896)
Miscellaneous	934	-	722	(212)	-	(212)
Depreciation and amortization	373,565	-	-	(373,565)	-	(373,565)
Capital outlay	4,026	-	3,114	(912)	-	(912)
Pension expense (benefit)	(9,024)	-	(6,980)	2,044	-	2,044
OPEB expense (benefit)	(79,814)	-	(61,732)	18,082	-	18,082
Intergovernmental:						
Payments to other governments	511,667	-	395,747	(115,920)	-	(115,920)
Debt service:						
Interest on leases	43,370	-	33,544	(9,826)	-	(9,826)
Administrative:						
On-behalf payments - local	636,228	-	636,228	-	-	-
On-behalf payments - State	450,764	-	450,764	-	-	-
Total governmental activities	<u>4,994,738</u>	<u>-</u>	<u>3,820,494</u>	<u>(1,174,244)</u>	<u>-</u>	<u>(1,174,244)</u>
Business-type activities:						
Fees for services	1,082,780	1,147,215	-	-	64,435	64,435
Total business-type activities	<u>1,082,780</u>	<u>1,147,215</u>	<u>-</u>	<u>-</u>	<u>64,435</u>	<u>64,435</u>
Total primary government	<u>\$ 6,077,518</u>	<u>\$ 1,147,215</u>	<u>\$ 3,820,494</u>	<u>(1,174,244)</u>	<u>64,435</u>	<u>(1,109,809)</u>
General revenues:						
Local sources				405,584	-	405,584
State sources				1,164,886	-	1,164,886
Interest				46,023	10,178	56,201
Total general revenues				<u>1,616,493</u>	<u>10,178</u>	<u>1,626,671</u>
Change in net position				442,249	74,613	516,862
Net position, beginning of year				4,817,963	1,019,251	5,837,214
Net position, end of year				<u>\$ 5,260,212</u>	<u>\$ 1,093,864</u>	<u>\$ 6,354,076</u>

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

Will County
Regional Office of Education No. 56
Governmental Funds
Balance Sheet
June 30, 2023
Exhibit C

	Special Revenue Funds					Eliminations	Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Professional Development Alliance	Nonmajor Special Revenue Funds		
ASSETS							
Cash and cash equivalents	\$ 4,266,603	\$ 1,341,327	\$ 20,319	\$ 139,305	\$ 322,871	\$ -	\$ 6,090,425
Accounts receivable	-	-	-	-	2,940	-	2,940
Due from other funds	99,674	-	-	-	-	(99,674)	-
Due from other governments	-	-	99,732	54,242	-	-	153,974
TOTAL ASSETS	4,366,277	1,341,327	120,051	193,547	325,811	(99,674)	6,247,339
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	31,253	35,940	20,377	-	-	-	87,570
Due to other funds	-	-	99,674	54,242	-	(99,674)	54,242
Unearned revenue	-	-	-	139,305	-	-	139,305
TOTAL LIABILITIES	31,253	35,940	120,051	193,547	-	(99,674)	281,117
FUND BALANCES							
Restricted	-	1,305,387	-	-	325,811	-	1,631,198
Unassigned	4,335,024	-	-	-	-	-	4,335,024
TOTAL FUND BALANCES	4,335,024	1,305,387	-	-	325,811	-	5,966,222
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,366,277	\$ 1,341,327	\$ 120,051	\$ 193,547	\$ 325,811	\$ (99,674)	\$ 6,247,339

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

Will County
Regional Office of Education No. 56
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023
Exhibit D

Total fund balances - governmental funds		\$ 5,966,222
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Right-to use leased and subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		864,133
<p>Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows related to pensions	\$ 249,175	
Deferred outflows related to OPEB	41,172	
Deferred inflows related to pensions	(136,541)	
Deferred inflows related to OPEB	<u>(599,065)</u>	(445,259)
<p>Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Interest payable on leases	(4,496)	
Lease payable	(845,960)	
Net pension liabilities	(81,355)	
OPEB liabilities	<u>(193,073)</u>	<u>(1,124,884)</u>
Net position of governmental activities		<u>\$ 5,260,212</u>

Will County
Regional Office of Education No. 56
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
Exhibit E

	Special Revenue Funds					Eliminations	Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Professional Development Alliance	Nonmajor Special Revenue Funds		
REVENUES							
Local sources	\$ 94,243	\$ 282,611	\$ -	\$ -	\$ 29,000	\$ -	\$ 405,854
State sources	1,164,886	-	322,766	1,078,059	3,734	-	2,569,445
Federal sources	223,259	-	1,006,986	99,022	-	(141,933)	1,329,267
Interest	-	46,023	-	-	-	-	46,023
On-behalf payments - local	636,228	-	-	-	-	-	636,228
On-behalf payments - State	264,983	-	-	-	-	-	264,983
Total revenues	<u>2,383,599</u>	<u>328,634</u>	<u>1,329,752</u>	<u>1,177,081</u>	<u>32,734</u>	<u>(141,933)</u>	<u>5,251,800</u>
EXPENDITURES							
Instructional services:							
Salaries and benefits	671,288	-	408,248	834,048	-	(141,933)	1,913,584
Pension expense	-	-	3,858	19,928	-	-	23,786
OPEB expense	-	-	3,951	3,541	-	-	7,492
Purchased services	842,660	208,440	533,943	144,069	20,828	-	1,749,940
Supplies and materials	59,504	1,754	130,202	77,095	241	-	268,796
Miscellaneous	195	-	-	-	739	-	934
On-behalf payments - local	636,228	-	-	-	-	-	636,228
On-behalf payments - State	264,983	-	-	-	-	-	264,983
Intergovernmental:							
Payments to other governments	81,326	-	430,341	-	-	-	511,667
Debt service:							
Repayment of long-term lease payable	213,765	-	47,514	83,817	-	-	345,096
Interest on leases	19,233	-	7,008	14,583	-	-	40,824
Capital outlay	4,026	-	-	-	-	-	4,026
Total expenditures	<u>2,793,208</u>	<u>210,194</u>	<u>1,565,065</u>	<u>1,177,081</u>	<u>21,808</u>	<u>(141,933)</u>	<u>5,767,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(409,609)</u>	<u>118,440</u>	<u>(235,313)</u>	<u>-</u>	<u>10,926</u>	<u>-</u>	<u>(515,556)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of lease liabilities	588,737	-	232,561	-	-	-	821,298
Transfers in (out)	(3,075)	-	3,075	-	-	-	-
Total other financing sources (uses)	<u>585,662</u>	<u>-</u>	<u>235,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>821,298</u>
NET CHANGE IN FUND BALANCES	<u>176,053</u>	<u>118,440</u>	<u>323</u>	<u>-</u>	<u>10,926</u>	<u>-</u>	<u>305,742</u>
FUND BALANCES, BEGINNING OF YEAR	<u>4,158,971</u>	<u>1,186,947</u>	<u>(323)</u>	<u>-</u>	<u>314,885</u>	<u>-</u>	<u>5,660,480</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 4,335,024</u>	<u>\$ 1,305,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,811</u>	<u>\$ -</u>	<u>\$ 5,966,222</u>

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

Will County
Regional Office of Education No. 56
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023
Exhibit F

Net change in fund balance - governmental funds \$ 305,742

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

Governmental funds report expenditures from leases and IT subscriptions as expenditures.

However, in the Statement of Activities, the cost of the leased assets is allocated over the lesser of the leased assets estimated useful lives or lease term and reported as amortization expense.

Right-to-use leased assets	\$ 821,297	
Right-to-use subscription IT assets	48,000	
Amortization	<u>(373,565)</u>	495,732

Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are however, recorded as revenues in the Statement of Activities.

Prior year unavailable revenue		(593)
--------------------------------	--	-------

The issuance of long-term debt provides current financial resources to governmental funds. While the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease liability issued	(821,298)	
Principal payments on lease liability	345,096	
Interest payable on leases	<u>(2,546)</u>	(478,748)

Governmental funds report pension/OPEB contributions as expenditures.

However, in the Statement of Activities, the cost of pension benefits earned, net of employer contributions is reported as pension/OPEB expense.

Pension:		
Employer contributions	23,786	
Cost of benefits, earned	<u>9,024</u>	32,810
OPEB:		
Employer contributions	7,492	
Cost of benefits, earned	<u>79,814</u>	<u>87,306</u>

Change in net position of governmental activities \$ 442,249

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

Will County
Regional Office of Education No. 56
Proprietary Funds
Statement of Net Position
June 30, 2023
Exhibit G

	Business-Type Activities - Enterprise Funds		Total
	Local PDA Fund	(Nonmajor) Criminal Background Investigation	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 717,639	\$ 143,094	\$ 860,733
Accounts receivable	63,585	7,159	70,744
Due from other funds	54,242	-	54,242
Total current assets	<u>835,466</u>	<u>150,253</u>	<u>985,719</u>
Noncurrent assets:			
Capital assets, net	7,354	-	7,354
TOTAL ASSETS	<u>842,820</u>	<u>150,253</u>	<u>993,073</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	318,691	-	318,691
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	1,364	-	1,364
Lease payable, current portion	1,676	-	1,676
Total current liabilities	<u>3,040</u>	<u>-</u>	<u>3,040</u>
Noncurrent liabilities:			
Lease payable	4,681	-	4,681
Net pension liability	57,880	-	57,880
Total noncurrent liabilities	<u>62,561</u>	<u>-</u>	<u>62,561</u>
TOTAL LIABILITIES	<u>65,601</u>	<u>-</u>	<u>65,601</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	152,299	-	152,299
NET POSITION			
Net investment in capital assets	997	-	997
Unrestricted	942,614	150,253	1,092,867
TOTAL NET POSITION	<u>\$ 943,611</u>	<u>\$ 150,253</u>	<u>\$ 1,093,864</u>

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

Will County
Regional Office of Education No. 56
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023
Exhibit H

	Business-Type Activities - Enterprise Funds		Total
	Local PDA Fund	(Nonmajor) Criminal Background Investigation	
OPERATING REVENUES:			
Fees for services	\$ 1,090,282	\$ 56,933	\$ 1,147,215
OPERATING EXPENSES:			
Salaries and benefits	617,961	-	617,961
Pension expense	56,048	-	56,048
Purchased services	299,943	52,837	352,780
Supplies and materials	43,397	-	43,397
Miscellaneous	4,882	-	4,882
Depreciation and amortization	7,712	-	7,712
Total operating expenses	<u>1,029,943</u>	<u>52,837</u>	<u>1,082,780</u>
OPERATING INCOME	60,339	4,096	64,435
NONOPERATING REVENUE			
Interest income	<u>10,178</u>	<u>-</u>	<u>10,178</u>
CHANGE IN NET POSITION	70,517	4,096	74,613
NET POSITION, BEGINNING OF YEAR	<u>873,094</u>	<u>146,157</u>	<u>1,019,251</u>
NET POSITION, END OF YEAR	<u>\$ 943,611</u>	<u>\$ 150,253</u>	<u>\$ 1,093,864</u>

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

Will County
Regional Office of Education No. 56
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023
Exhibit I

	Business Type Activities -		
	Enterprise Funds		
	Local	(Nonmajor)	
	PDA Fund	Criminal	Total
		Background	
		Investigation	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,053,182	\$ 57,091	\$ 1,110,273
Payments to suppliers and providers of goods and services	(348,124)	(60,220)	(408,344)
Payments to employees	(643,974)	-	(643,974)
Net cash provided by (used in) operating activities	<u>61,084</u>	<u>(3,129)</u>	<u>57,955</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY			
Payment from interfund borrowing, net	(45,153)	-	(45,153)
Net cash used in noncapital financing activity	<u>(45,153)</u>	<u>-</u>	<u>(45,153)</u>
CASH FLOWS FROM INVESTING ACTIVITY:			
Interest earned	10,178	-	10,178
Net cash provided by investing activity	<u>10,178</u>	<u>-</u>	<u>10,178</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	26,109	(3,129)	22,980
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>691,530</u>	<u>146,223</u>	<u>837,753</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 717,639</u>	<u>\$ 143,094</u>	<u>\$ 860,733</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 60,339	\$ 4,096	\$ 64,435
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,712	-	7,712
Effects of changes in assets and liabilities:			
Accounts receivable	(37,100)	158	(36,942)
Net pension asset	347,470	-	347,470
Deferred outflows related to pensions	(239,270)	-	(239,270)
Accounts payable and accrued expenses	132	(7,383)	(7,251)
Net pension liability	57,880	-	57,880
Interest payable	(34)	-	(34)
Deferred inflows related to pensions	(136,045)	-	(136,045)
Net cash provided by (used in) operating activities	<u>\$ 61,084</u>	<u>\$ (3,129)</u>	<u>\$ 57,955</u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Will County Regional Office of Education No. 56 was created by Illinois Public Act 76-735, as amended effective August 8, 1995, to develop and maintain education service for the school districts in Will County. The Will County Regional Office of Education No. 56 services 167 public schools and 46 private schools in the 29 districts within the county.

In 2023, the Will County Regional Office of Education No. 56 implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and portion of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 94 intends to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs) and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The portion of GASB Statement No. 99 intends to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements.

As a result of implementing GASB Statement No. 96, the Will County Regional Office of Education No. 56 has recorded subscription assets and liabilities for SBITAs that were previously recorded as outright expenses. The implementation of GASB Statement Nos. 91, 94, and 99 does not have a significant impact on the Will County Regional Office of Education No. 56's financial statements.

A. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official

**Will County
Regional Office of Education No. 56
Notes to the Financial Statements
June 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Will County Regional Office of Education No. 56'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 Illinois State Board of Education (ISBE) with an affidavit showing that the treasurers of school districts under his 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 Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56. Such activities are reported as a single special revenue fund (Education Fund).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. SCOPE OF THE REPORTING ENTITY

The Will County Regional Office of Education No. 56 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Will County Regional Office of Education No. 56 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Will County Regional Office of Education No. 56, 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 Will County Regional Office of Education No. 56 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.

Effective August 7, 1995, the Will County Regional Office of Education No. 56 entered into an intergovernmental agreement with Grundy and Kendall Counties Regional Office of Education No. 24 to establish the Regional Office of Education Professional Development Alliance (PDA), the purpose of which is to provide professional development services to the local school districts of Will, Grundy, and Kendall Counties. The governing board consists of the Regional Superintendents of the Regional Offices of Education Nos. 56 and 24. The Will County Regional Office of Education No. 56 was designated as the administrative agent and has reported the activity of this agreement in their financial statements.

Other 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 Will County Regional Office of Education No. 56 does not control their assets, operations, or management. In addition, the Will County Regional Office of Education No. 56 is not aware of any entity which would exercise such oversight as to result in the Will County Regional Office of Education No. 56 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Will County Regional Office of Education No. 56's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Will County Regional Office of Education No. 56 has two business-type activities; Local PDA Fund and the Criminal Background Investigation. The Local PDA Fund accounts for the revenues and expenses associated with workshops put on by the Regional Office. The Criminal Background Investigation accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

The Will County Regional Office of Education No. 56's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Will County Regional Office of Education No. 56 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Will County Regional Office of Education No. 56's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

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

D. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues 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.

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

Revenue received after the Will County Regional Office of Education No. 56's availability period are reported as deferred inflows of resources in the fund financial statements and are reported as current revenue in the Statement of Activities.

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

before any amounts will be paid to the Will County Regional Office of Education No. 56; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Will County Regional Office of Education No. 56 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Will County Regional Office of Education No. 56's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

G. FUND ACCOUNTING

The Will County Regional Office of Education No. 56 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Will County Regional Office of Education No. 56 uses governmental and proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, (including deferred outflows), liabilities, (including

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Will County Regional Office of Education No. 56 has presented all major funds that met the above qualifications. The Will County Regional Office of Education No. 56 reports the following major governmental funds:

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

General Operations - This program accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

General State Aid - This program accounts for grant monies received for, and payment of, expenditures for regional learning academy supplements.

Lincoln School - This program accounts for all local funding expenditures and the general operations of the Lincoln School.

Forest Service - This program accounts for grant monies received for, and payment of, expenditures in connection with the Forest Service grant, under the Secure Rural Schools and Community Self-Determination Act.

Major 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. Major special revenue funds include the following:

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:

American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth (ARP-HCY) - This program accounts for grant monies received for and payment of expenditures

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

associated with a federal program designed to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of coronavirus (COVID-19), and to enable homeless children and youth to attend school and fully participate in school activities.

McKinney Education for Homeless Children - This program accounts for grant monies received for and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through ISBE.

Regional Safe Schools - This program accounts for the administration of monies to be used for the Regional Safe Schools Program Fund received from ISBE.

Elementary and Secondary Relief (ESSR) - Digital Equity Formula - This program assists school districts in closing the digital divide and enabling digital-age teaching and learning.

American Rescue Plan Elementary and Secondary School Emergency Relief Grant (ESSER III) - This program provides states and school districts help to safely reopen and sustain the safe operation of schools and address the impact of the COVID-19 pandemic on the nation's students.

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

Professional Development Alliance (PDA) - This fund accounts for State, and federally funded programs designed to meet the identified needs of the school districts within Will, Grundy, and Kendall Counties. These services are designed to improve the educational opportunities provided to students within these counties. The PDA Fund include:

ROE/ISC Operations - This program accounts for grant monies received for, and payment of, expenditures of the ROE/ISC Operations Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grundy/Kendall County ROE/ISC Operations - These funds are provided by ISBE through a budget application process, to the Regional Office to provide professional development to district schools and teachers in Grundy and Kendall county school districts.

Elementary and Secondary School Emergency Relief Grant (ESSER II) - Social Emotional Learning and Trauma Response (SEL Trauma) - This program provides Elementary and Secondary School Relief grant to local educational agencies, including charter schools that are local educational agencies (LEAs) with federal funding to prevent, prepare for, and respond to the coronavirus threat and continuity in education services during the COVID-19 emergency.

The Will County Regional Office of Education No. 56 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund or Professional Development Alliance Fund are grouped under this fund for financial statement presentation.

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

Bus Driver Training - This fund accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

Proprietary Funds

Proprietary Fund - The Proprietary Fund accounts for revenue and expenses related to services provided to organizations inside the Will County Regional Office of Education No. 56 on a cost-reimbursement basis. The Will County Regional Office of Education No. 56 reports the following major proprietary fund:

Local Professional Development Alliance (PDA) Fund - This fund accounts for the revenues and expenses associated with workshops put on by the Will County Regional Office of Education No. 56.

The Regional Office of Education No. 56 reports the following nonmajor proprietary fund:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Criminal Background Investigation - Accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenses incurred providing this service to the school districts.

H. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a governmental fund's net position that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Will County Regional Office of Education No. 56 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's net position that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Will County Regional Office of Education No. 56 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Will County Regional Office of Education No. 56 has no assigned fund balances.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Will County Regional Office of Education No. 56 has unassigned fund balances in the General Fund's General State Aid and Lincoln School accounts. Additionally, the Will County Regional Office of Education No. 56 has an unassigned fund deficit in the General Fund's General Operations account.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. NET POSITION

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

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

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

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

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit. The Will County Regional Office of Education No. 56 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives (three to five years) of the respective assets.

L. LEASES

Right-to-use leased assets

Will County Regional Office of Education No. 56 has recorded right-to-use leased assets as a result of implementing GASB Statement No. 87. The right

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to use assets amounting to \$5,000 or more are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use leased assets are amortized on a straight-line basis over the life of the related lease.

Short-term leases

Will County Regional Office of Education No. 56 recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract. The Will County Regional Office of Education No. 56 recognizes an asset if payments are made in advance or a liability for rent due if payments are to be made subsequent to the reporting period.

M. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY (IT) ARRANGEMENTS

Will County Regional Office of Education No. 56 has recorded right-to-use subscription assets as a result of implementing GASB Statement No. 96. The right to use subscription assets amounting to \$5,000 or more are initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

For SBITAs with a maximum possible term of 12 months or less at commencement, the Will County Regional Office of Education No. 56 recognizes expenses/expenditures based on the provisions of the arrangement.

N. COMPENSATED ABSENCES

The employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed 5 years or less; 15 days for full-time staff employed between 5 and

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10 years; 20 days for full-time staff employed more than 15 years. Vacation days cannot be accumulated and carried forward to the next fiscal year; therefore, no liability is accrued.

The Executive Directors and all other eligible employees of PDA receive up to 15 sick days annually. There is no limit on the amount of sick days carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

P. PENSIONS

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement System (IMRF) and Teachers' Retirement System of the State of Illinois (TRS) and additions to/deductions from IMRF's and TRS' fiduciary net position have been determined on the same basis as they are reported by IMRF and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

For purposes of measuring the Will County Regional Office of Education No. 56's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Will County Regional Office of Education No. 56 OPEB Plan and additions to/deductions from the Will County Regional Office of Education No. 56's fiduciary net position have been determined on the same basis as they are reported by the Will County Regional Office of Education No. 56's Plan. For this purpose, the Will County Regional Office of Education No. 56's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Will County Regional Office of Education No. 56's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

R. ESTIMATES

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

S. BUDGET INFORMATION

The Will County Regional Office of Education No. 56 acts as the administrative agent for certain grant programs that are accounted for in the General, Education and Professional Development Alliance funds. Certain programs have separate budgets and are required to report to ISBE, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary comparison schedules have been provided in supplementary schedules for the following accounts: ARP-HCY, McKinney Education for Homeless Children, Regional Safe Schools, ESSR - Digital Equity Formula, ESSER III, ROE/ISC Operations, Grundy/Kendall County ROE/ISC Operations, and ESSER II - SEL Trauma.

NOTE 2 CASH AND CASH EQUIVALENTS

The *Illinois Compiled Statutes* authorize the Will County Regional Office of Education No. 56 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 Federal Depository Insurance Corporation (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.

Deposits

At June 30, 2023, the carrying amount of the Will County Regional Office of Education No. 56's government-wide fund deposits were \$6,951,158 and the bank balance was \$7,026,399. Of the total bank balances as of June 30, 2023, \$500,000 was secured by FDIC, \$1,451,380 was invested in the Illinois Funds Money Market Fund, and \$5,075,019 was collateralized by securities pledged by the Will County Regional Office of Education No. 56's financial institution in the name of Will County Regional Office of Education No. 56.

Investments

The Will County Regional Office of Education No. 56 requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As noted above, as of June 30, 2023, the Will County Regional Office of Education No. 56 had investments with a carrying and fair value of \$1,451,380 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

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

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

Treasurer (Treasurer) in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235. All investments are fully collateralized.

The PNC Municipal Investment Fund had a Fitch’s AAmmf rating. This fund is authorized for public entities and political subdivisions of the State of Illinois. It invests in U.S. Treasury securities, commercial paper rated A2 or above, certificates of deposit and interest-bearing savings accounts, and any other investments permissible under 30 ILCS 235/2.

Interest Rate Risk

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

Concentration of Credit Risk

Unless specifically authorized by the Illinois State Treasurer, the Illinois Funds Money Market Fund’s investment policy limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposits cannot exceed 10% of any single financial institution’s total deposits.

NOTE 3 DUE FROM OTHER GOVERNMENTS

The Will County Regional Office of Education No. 56’s Education Fund and PDA Fund have funds due from other governmental units which consist of the following:

Due from Other Governments:	
Education Fund:	
Illinois State Board of Education	\$ 99,732
Professional Development Alliance:	
Illinois State Board of Education	54,242
Total	\$ 153,974

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NOTE 4 CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Will County Regional Office of Education No. 56 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Will County Regional Office of Education No. 56's assets are composed of building improvements, furniture and equipment.

In accordance with GASB Statement No. 87, the Will County Regional Office of Education No. 56 has two intangible right-to-use leased assets consisting of leased buildings. The related leases are discussed in Note 10 - Leases.

In accordance with GASB Statement No. 96, the Will County Regional Office of Education No. 56 recorded an intangible right-to-use subscription asset during the year. The related subscription is discussed in the Note 11 - Subscription-based IT arrangements.

The following table provides a summary of changes in total capital assets, total intangible right-to-use leased assets, subscription asset, accumulated depreciation and amortization, and investment in capital assets for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Governmental activities:				
Equipment	\$ 51,259	\$ -	\$ -	\$ 51,259
Building improvements	90,439	-	-	90,439
Leased building	644,554	821,298	-	1,465,852
Subscription asset	-	48,000	-	48,000
Total	<u>786,252</u>	<u>869,298</u>	<u>-</u>	<u>1,655,550</u>
Less: Accumulated depreciation/amortization				
Equipment	(51,259)	-	-	(51,259)
Building improvements	(90,439)	-	-	(90,439)
Leased building	(276,154)	(357,565)	-	(633,719)
Subscription asset	-	(16,000)	-	(16,000)
Total	<u>(417,852)</u>	<u>(373,565)</u>	<u>-</u>	<u>(791,417)</u>
Capital assets, net	<u>\$ 368,400</u>	<u>\$ 495,733</u>	<u>\$ -</u>	<u>\$ 864,133</u>
Business-type activities:				
Equipment	\$ 51,298	\$ -	\$ -	\$ 51,298
Leased building	6,557	-	-	6,557
Total	<u>57,855</u>	<u>-</u>	<u>-</u>	<u>57,855</u>
Less: Accumulated depreciation/amortization				
Equipment	(42,612)	(5,526)	-	(48,138)
Leased building	(177)	(2,186)	-	(2,363)
Total	<u>(42,789)</u>	<u>(7,712)</u>	<u>-</u>	<u>(50,501)</u>
Capital assets, net	<u>\$ 15,066</u>	<u>\$ (7,712)</u>	<u>\$ -</u>	<u>\$ 7,354</u>

NOTE 4 CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2023 amounting to \$5,526 was charged to the Local PDA activity on the government-wide Statement of Activities. Net investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

The right-to-use leased assets are amortized on a straight-line basis over the terms of the related leases. Amortization expense for the year ended June 30, 2023 amounting to \$357,565 and \$2,186 was charged to the Instructional services and the Local PDA activity, respectively on the government-wide Statement of Activities.

The subscription asset is amortized on a straight-line basis over the terms of the related subscription. Amortization expense for the year ended June 30, 2023 amounting to \$16,000 was charged to the Instructional services on the government-wide Statement of Activities.

NOTE 5 DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

IMRF Plan Description

The Will County Regional Office of Education No. 56's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Will County Regional Office of Education No. 56's plan is managed by IMRF, an agent multiple employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2022, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	14
Inactive Plan Member entitled to but not yet receiving benefits	6
Active Plan Members	14
Total	34

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

As set by statute, the Will County Regional Office of Education No. 56's regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Will County Regional Office of Education No. 56's annual contribution rate for calendar year 2022 was 6.26%. For the fiscal year ended June 30, 2023, the Will County Regional Office of Education No. 56 contributed \$45,910 to the plan. The Will County Regional Office of Education No. 56 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset)

The Will County Regional Office of Education No. 56's net pension liability (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2022:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For **non-disabled retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

Asset Class	Portfolio Target Percentage	Projected Ten-Year Return
Equities	35.5%	6.50%
International Equities	18.0%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternatives	9.5%	
Private Equity		9.90%
Hedge Funds		N/A
Commodities		6.25%
Cash Equivalents	1.0%	4.00%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plus investment was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

1. the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

**Will County
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NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

2. the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Balances as of December 31, 2021	\$ 2,382,242	\$ 2,872,965	\$ (490,723)
Changes for the year:			
Service Cost	66,492	–	66,492
Interest on the Total Pension Liability	172,073	–	172,073
Differences Between Expected and Actual Experience of the Total Pension Liability	89,902	–	89,902
Contributions - Employer	–	46,170	(46,170)
Contributions - Employees	–	48,181	(48,181)
Net Investment Income	–	(357,198)	357,198
Benefit Payment, including Refunds of Employee Contributions	(114,237)	(114,237)	–
Other (Net Transfer)	–	(1,630)	1,630
Net Changes	214,230	(378,714)	592,944
Balances as of December 31, 2022	\$ 2,596,472	\$ 2,494,251	\$ 102,221

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount 7.25%	1% Higher 8.25%
Net Pension Asset/Liability	\$ 505,880	\$ 102,221	\$ (174,134)

**Will County
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NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 recognized pension expense of \$49,936. At June 30, 2023, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 448,394	\$ 250,005
Changes in assumptions	—	18,967
Net difference between projected and actual earnings on pension plan investments	94,148	—
Total deferred amounts to be recognized in pension expense in future periods	542,542	268,972
Pension contributions made subsequent to the measurement date	20,291	—
Total Deferred Amounts Related to Pension	<u>\$ 562,833</u>	<u>\$ 268,972</u>

\$20,291 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2024	\$ 9,150
2025	54,670
2026	87,950
2027	121,800
Thereafter	—
Total	<u>\$ 273,570</u>

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

Teachers' Retirement System of the State of Illinois

Plan Description

The Will County Regional Office of Education No. 56 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/acfrs/fy2022>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

Benefits Provided

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

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

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

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 1 members to receive a partial lumpsum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2022, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Will County Regional Office of Education No. 56.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Will County Regional Office of Education No. 56. For the year ended June 30, 2023, State of Illinois contributions recognized by the Will County Regional Office of Education No. 56 were based on the State's proportionate share of the pension expense associated with the Will County Regional Office of Education No. 56, and the Will County Regional Office of Education No. 56 recognized revenue and expenditures of \$252,206 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2023, were \$4,285, and are deferred because they were paid after the June 30, 2022 measurement date.

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Will County Regional Office of Education No. 56, there is a statutory requirement for the Will County Regional Office of Education No. 56 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the State contribution rate to TRS and were much higher.

For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 pension contribution was 10.49 percent of salaries paid from federal and special trust funds. Salaries totaling \$4,176 were paid from federal and special trust funds that required Will County Regional Office of Education No. 56 contributions of \$438 which are deferred because they were paid after the June 30, 2022 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Will County Regional Office of Education No. 56 is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2023, the Will County Regional Office of Education No. 56 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the Will County Regional Office of Education No. 56 as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Will County Regional Office of Education No. 56 were as follows:

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NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

Will County Regional Office of Education No. 56's proportionate share of the net pension liability	\$	37,014
State's proportionate share of the net pension liability associated with the employer		3,210,712
Total	\$	3,247,726

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Will County Regional Office of Education No. 56's proportion of the net pension liability was based on the Will County Regional Office of Education No. 56's share of contributions to TRS for the measurement year ended June 30, 2022, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2022, the Will County Regional Office of Education No. 56's proportion was .0000441481 percent, which was a decrease of .0000105812 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 recognized pension expense of \$252,206 and revenue of \$252,206 for support provided by the State. For the year ended 2023, the Will County Regional Office of Educations No. 56 recognized pension benefit of \$641. At June 30, 2023, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74	\$ 204
Net difference between projected and actual earnings on pension plan investments	34	-
Changes of assumptions	171	71
Changes in proportion and differences between employer contributions and proportionate share of contributions	896	19,593
Employer contributions subsequent to the measurement date	3,858	-
Total	\$ 5,033	\$ 19,868

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

\$3,858 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30	Net Deferred Inflows of Resources
2024	\$ (5,397)
2025	(5,788)
2026	(4,754)
2027	(2,046)
2028	(708)
Total	\$ (18,693)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

In the June 30, 2022 actuarial valuation, mortality rates were based on the PubT - 2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2021 actuarial valuation, mortality rates were based on the PubT-2010 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2020.

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

**Will County
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NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	16.3%	5.73%
U.S. equities small/mid cap	1.9%	6.78%
International equities developed	14.1%	6.56%
Emerging market equities	4.7%	8.55%
U.S. bonds core	6.9%	1.15%
Cash equivalents	1.2%	(0.32%)
TIPS	0.5%	0.33%
International debt developed	1.2%	6.56%
Emerging international debt	3.7%	3.76%
Real estate	16.0%	5.42%
Private debt	12.5%	5.29%
Hedge funds	4.0%	3.48%
Private equity	15.0%	10.04%
Infrastructure	2.0%	5.86%
Total	100.0%	

Discount Rate

At June 30, 2022, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2021 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2022 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Will County Regional Office of Education No. 56's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Will County Regional Office of Education No. 56's proportionate share of the net pension liability calculated using the discount rate

**Will County
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NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

of 7.00 percent, as well as what the Will County Regional Office of Education No. 56's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Will County Regional Office of Education No. 56's proportionate share of the net pension liability	\$ 45,268	\$ 37,014	\$ 30,169

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2022 is available in the separately issued TRS *Annual Comprehensive Financial Report*.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

Teachers' Health Insurance Security Fund

THIS Plan Description

Will County Regional Office of Education No. 56 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (CMS) as of July 1, 2013. CMS administers the plan with the cooperation of the TRS.

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

only by legislative action with the Governor's approval. The plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

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

On-behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Will County Regional Office of Education No. 56. For the year ended June 30, 2023, State of Illinois contributions recognized by the Will County Regional Office of Education No. 56 were based on the State's proportionate share of the collective net OPEB liability associated with the Will County Regional Office of Education No. 56, and recognized revenue and expenditures of (\$66,425) in OPEB contributions from the State of Illinois.

Employer Contributions to the THIS Fund

The Will County Regional Office of Education No. 56 also makes contributions to the THIS Fund. The Will County Regional Office of Education No. 56 THIS Fund contribution was 0.67 percent during the year ended June 30, 2023 and 0.67, 0.92, 0.92, 0.92, 0.88, 0.84, and 0.80 percent during the years ended June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, and June 30, 2016, respectively. For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 paid \$4,950 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, and June 30, 2016, the Will County Regional Office of Education No. 56 paid \$3,016, \$4,516, \$5,744, \$5,054, \$5,083, \$4,814, and \$4,360, respectively, which was 100 percent, 100 percent, 100 percent, 100 percent, 99 percent, and 91 percent, respectively of the required contributions.

Further Information on the THIS Fund

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 8.50% at 1 year of service to 3.50% at 20 or more years of service. Salary increase includes a 3.50% wage inflation assumption.
Investment rate of return	2.75%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare cost trend rates	Trend for fiscal year ending 2023 based on expected increases used to develop average costs. For fiscal years ending on and after 2024, trend starts at 8.00% gradually decreases to an ultimate trend of 4.25%.

Mortality rates for retirement and beneficiary annuitants were based on the PubT-2010 Retiree Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the PubNS-2010 Non-Safety Disabled Retiree table. Mortality rates for pre-retirement were based on the PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2020.

Single Discount Rate

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

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

described above. The discount rates are 1.92 percent as of June 30, 2021, and 3.69 percent as of June 30, 2022.

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

The following presents the Will County Regional Office of Education No. 56’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Employer’s proportionate share of the collective net OPEB liability	\$ 124,450	\$ 112,011	\$ 99,166

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

The following table shows the Will County Regional Office of Education No. 56’s net OPEB liability as of June 30, 2022, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The current claims trend rates are 8.25% in plan year end 2024, decreasing to an ultimate trend rate of 4.25% in plan year end 2039.

	1% Decrease^a	Healthcare Cost Trend Rates	1% Increase^b
Employer’s proportionate share of the collective net OPEB liability	\$ 94,625	\$ 112,011	\$131,024

^a One percentage point decrease in healthcare trend rates are 7.00% in plan year end 2024 decreasing to an ultimate trend rate of 3.25% in 2039.

^b One percentage point increase in healthcare trend rates are 9.00% in plan year end 2024 decreasing to an ultimate trend rate of 5.25% in plan year end 2039.

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

At June 30, 2023, the Will County Regional Office of Education No. 56 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Will County Regional Office of

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NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Education No. 56. The amount recognized by the Will County Regional Office of Education No. 56 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Will County Regional Office of Education No. 56 were as follows:

Will County Regional Office of Education No. 56's proportionate share of the net OPEB liability	\$ 112,011
State's proportionate share of the net OPEB liability associated with the Will County Regional Office of Education No. 56	152,374
Total	<u>\$ 264,385</u>

The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2021, and was rolled forward to the June 30, 2022 measurement date. The Will County Regional Office of Education No. 56's proportion of the collective net OPEB liability was based on a projection of the Will County Regional Office of Education No. 56's long-term share of contributions to the OPEB plan relative to the projected contributions of the Will County Regional Office of Education No. 56, actuarially determined. At June 30, 2022, the Will County Regional Office of Education No. 56 proportion was 0.001636 percent, which was a decrease of 0.000248 percent from its proportion measured as of June 30, 2021 (0.001884 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 recognized OPEB expense of (\$66,425) and revenue of (\$66,425) for the support provided by the State. For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 recognized OPEB benefit of \$83,918. At June 30, 2023, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 73,260
Changes of assumptions	101	276,302
Net difference between projected and actual earnings on OPEB plan investments	13	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,107	249,503
Employer contributions subsequent to the measurement date	<u>3,951</u>	<u>—</u>
Total	<u>\$ 41,172</u>	<u>\$ 599,065</u>

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$3,951 reported as deferred outflows of resources related to OPEB resulting from Will County Regional Office of Education No. 56 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Will County Regional Office of Education No. 56's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2024	\$ (98,379)
2025	(91,060)
2026	(79,392)
2027	(75,937)
2028	(81,107)
Thereafter	(135,969)
Total	\$ (561,844)

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2022, is available in the separately issued THIS Financial Report.

Health Insurance Plan

Plan Description

The Will County Regional Office of Education No. 56 employees are covered by the PDA health insurance plan. PDA provides postemployment health care for eligible retired employees and their dependents through a self-insured individual plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Lincolnway Area Affiliation of Participating Schools Districts (the Cooperative) Employee Benefit Plan, which PDA is a member of, and can be amended by the Cooperative's Board of Trustees. The plan does not issue a separate report. The GASB issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Eligibility Provisions

Full-Time Employees - IMRF

Tier I IMRF Full-Time employees age 55 with at least 8 years of service are covered.

Tier II IMRF Full-Time employees age 62 with at least 10 years of service are covered.

Benefits Provided

The Will County Regional Office of Education No. 56 provides continued health insurance coverage at the blended employer rate to all eligible Will County Regional Office of Education No. 56 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Will County Regional Office of Education No. 56 offers Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) to full-time IMRF employees. Retirees pay the same rate as an active employee. PDA pays the difference in coverage. Coverage continues until Medicare eligibility is reached. Dependent coverage ends at the same time as that for the retiree. After age 65, coverage is secondary to Medicare and the retiree pays the full cost. Additionally, dental and vision coverage are offered to all full time employees. For dental coverage, PDA pays the full cost of coverage until age 65. For vision coverage, the retiree pays the full cost of coverage. Coverage ends when the retiree stops paying for it.

Participant Data

At June 30, 2023, participant data consisted of:

	Participants
Total active employees	11
Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Total	11

Funding Policy and Contributions

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

The employer contributions and benefit payments are related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions from other Regional Office of Education (ROE) resources and benefit payments from other ROE resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust. During the fiscal year ended June 30, 2023, there were contributions or benefit payments amounting to \$3,541 from Other ROE resources.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2022 actuarial valuation date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

Actuarial Assumptions

Discount Rate used for the Total OPEB Liability	3.65%
Long-Term Expected Rate of Return on Plan Assets	N/A. OPEB obligation is unfunded.
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.65%
Salary Increases	2.50%
Annual Blended Premiums	<p>PPO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$10,183 and \$18,644, respectively.</p> <p>HMO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$6,802 and \$9,684, respectively.</p> <p>Dental: Premiums charged for coverage of retiree and spouse, regardless of age, are \$408 and \$456, respectively.</p>

**Will County
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NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Healthcare Trend Rates	<p>Initial trend rate is based on the 2022 Segal Health Plan Cost Trend Survey.</p> <p>PPO: For fiscal years on and after 2023, trend starts at 7.30% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.</p> <p>HMO: For fiscal years on and after 2023, trend starts at 7.00% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.</p> <p>Dental: For fiscal years on and after 2023, trend are 3.10% for both non-Medicare costs and post-Medicare.</p>
Retiree Contribution Rates	Same as Healthcare Trend Rates

IMRF Mortality was based on the PubG2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020; Age 83 for males, Age 87 for females. These rates are adjusted for retirement status. Spouses use the same mortality tables as retirees.

The retirement rates disclosed in the IMRF Experience Study Report dated December 14, 2020 were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there is one participant impacted by this assumption.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

The mortality rates were used to estimate the single age at death per participant pursuant to the Alternative Measurement Method for GASB 74/75.

The probability of working to the assumed retirement age was determined based on the underlying termination rates pursuant to the Alternative Measurement Method for GASB 74/75.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of June 30, 2022	\$ 80,499
Changes for the year:	
Service Cost	1,403
Interest	2,787
Differences Between Expected and Actual Experience of the Total Pension Liability	-
Changes of Assumptions	(86)
Contributions - Employer	-
Contributions - Employees	-
Net Investment Income	-
Benefit Payments	(3,541)
Net Changes	563
Balances as of June 30, 2023	\$ 81,062

Discount Rate

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate. If the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with PDA, then only the Municipal Bond Rate is used in determining the Total OPEB Liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future Net Position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected Net Position, the expected rate of return on plan investments is used to determine the portion of the Net OPEB Liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected Net Position, the Municipal Bond Rate is used to determine the portion of the Net OPEB Liability associated with those payments.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Municipal Bond Rate

The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate as of June 30, 2023 is 3.65%. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

Sensitivity of the Discount Rate

The following presents the Will County Regional Office of Education No. 56's net OPEB liability calculated using a discount rate of 3.65%, as well as what the Will County Regional Office of Education No. 56's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.65%) or 1-percentage-point lower (2.65%) than the current discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Employer Net OPEB Liability	\$ 95,444	\$ 81,062	\$ 69,283

The sensitivity of the Net OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Healthcare Trend Rate

The following presents the Will County Regional Office of Education No. 56's total OPEB liability, calculated using the healthcare cost trend rates as well as what the Will County Regional Office of Education No. 56's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates of both non-Medicare coverage and post-Medicare coverage for PPO, HMO and Dental plans are 7.30% as of fiscal year ended June 30, 2023 decreasing to an ultimate trend rate of 5.00% in 2032, 7.00% in 2023 decreasing to an ultimate trend rate of 5.00% in 2032 and 3.10% in 2023 and level through the ultimate trend rate in 2023, respectively.

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Net OPEB Liability	\$ 68,099	\$ 81,062	\$ 96,813

For the year ended June 30, 2023, the Will County Regional Office of Education No. 56 recognized OPEB expense of \$4,104.

Under GASB Statement No. 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

NOTE 7 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The General Fund - General Operations account has a deficit fund balance of \$579,877 as of June 30, 2023.

NOTE 8 INTERFUND ACTIVITIES

Due From (To) Other Funds

Interfund due to/from other fund balances at June 30, 2023 consist of the following individual due to/from other funds in the governmental funds balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

**Will County
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NOTE 8 INTERFUND ACTIVITIES (Continued)

	Due From	Due To
General Fund:		
General State Aid	\$ 99,674	\$ -
Education Fund:		
ARP - HCY	-	30,779
McKinney Education for Homeless Children	-	13,634
ESSER III	-	55,261
Professional Development Alliance Fund:		
ESSER II - SEL Trauma	-	54,242
Enterprise Fund:		
Local PDA Fund	54,242	-
Total	\$ 153,916	\$ 153,916

In addition, the General Operations account owes the General State Aid account \$579,877. Because they are part of the same fund, they are netted on the Governmental Funds Balance Sheet.

Transfers In (Out)

Transfers in/out from (to) fund balances at June 30, 2023 consist of the following individual transfers in/out from (to) other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. These transfers were made in order to meet operating cost needs in the receiving fund.

	Transfer In	Transfer Out
General Fund:		
General State Aid	\$ -	\$ 3,075
Education Fund:		
Regional Safe Schools	3,075	-
Total	\$ 3,075	\$ 3,075

NOTE 9 RISK MANAGEMENT

The Will County Regional Office of Education No. 56 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Will County Regional Office of Education No. 56 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

**Will County
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NOTE 10 LEASES

Will County Regional Office of Education No. 56 entered into agreements to lease certain equipment and office spaces. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first lease agreement was executed on June 1, 2022, to lease the PDA Operations office building and requires 36 monthly payments of \$8,200. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 6.55%, which is the Will County Regional Office of Education No. 56 incremental borrowing. As a result of the lease, the Will County Regional Office of Education No. 56 has recorded an intangible right-to-use lease asset amounting to \$268,806 as of June 30, 2023, which is discussed in more detail in the Note 4 - Capital Assets.

The second lease agreement was executed on August 1, 2017, to lease the main office building and requires 60 monthly payments of \$23,481. On December 1, 2022, Will County Regional Office of Education No. 56 renewed the lease for 3 years and requires monthly payments increasing annually from \$23,951 to \$24,918. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 6.55%, which is the Will County Regional Office of Education No. 56 incremental borrowing rate. As a result of the lease, the Will County Regional Office of Education No. 56 has recorded an intangible right-to-use lease asset amounting to \$1,182,559 as of June 30, 2023, which is discussed in more detail in the Note 4 - Capital Assets.

The third lease agreement was executed on January 1, 2023, to lease a copier and requires 60 monthly payments of \$410. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 6.55%, which is the Will County Regional Office of Education No. 56 incremental borrowing. As a result of the lease, the Will County Regional Office of Education No. 56 has recorded an intangible right-to-use lease asset amounting to \$21,044 as of June 30, 2023, which is discussed in more detail in the Note 4 - Capital Assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal year Ending June 30,	Principal Payments	Interest Payments	Total
2024	\$ 348,550	\$ 45,532	\$ 394,082
2025	369,871	21,827	391,698
2026	126,884	2,628	129,512
2027	4,597	323	4,920
2028	2,415	46	2,461
Total	\$ 852,317	\$ 70,356	\$ 922,673

**Will County
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NOTE 11 SUBSCRIPTION-BASED IT ARRANGEMENT

Will County Regional Office of Education No. 56 entered into a subscription-based information technology arrangement (SBITA) for a digital library. The SBITA qualify under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

The SBITA was executed on July 1, 2022 for a three-year term and requires a one-time payment of \$48,000 payable in year 1. There are no variable payment components of the SBITA. As a result of the arrangement, the Will County Regional Office of Education No. 56 has recorded an intangible right-to-use subscription asset amounting to \$48,000 as of June 30, 2023, which is discussed in more detail in the Note 4 - Capital Assets. There was no subscription liability recognized since payment was made in full in fiscal year 2023.

NOTE 12 LONG-TERM LIABILITIES

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

Type of Debt	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion
Governmental activities					
Net pension liability - TRS	\$ 42,695	\$ -	\$ (5,681)	\$ 37,014	\$ -
Net pension liability - IMRF	-	44,341	-	44,341	-
Net OPEB liability - THIS	415,544	-	(303,533)	112,011	-
Net OPEB liability - Health insurance plan	80,499	563	-	81,062	-
Lease payable	369,756	821,300	(345,096)	845,960	346,874
	<u>\$ 908,494</u>	<u>\$ 866,204</u>	<u>\$ (654,310)</u>	<u>\$ 1,120,388</u>	<u>\$346,874</u>
Business-type activities:					
Net pension liability - IMRF	\$ -	\$ 57,880	\$ -	\$ 57,880	\$ -
Lease payable	6,357	-	-	6,357	1,676
	<u>\$ 6,357</u>	<u>\$ 57,880</u>	<u>\$ -</u>	<u>\$ 64,237</u>	<u>\$ 1,676</u>

NOTE 13 ON-BEHALF PAYMENTS

Will County pays certain expenditures on behalf of the Will County Regional Office of Education No. 56. The expenditures paid by Will County for the year ended June 30, 2023, were as follows:

Salaries and benefits	\$ 609,057
Purchased services	24,378
Supplies and materials	2,793
Total	<u>\$ 636,228</u>

**Will County
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NOTE 13 ON-BEHALF PAYMENTS (Continued)

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Will County Regional Office of Education No. 56:

Regional Superintendent Salary	\$	122,579
Assistant Regional Superintendent Salary		76,744
Regional Superintendent Benefits (includes State paid insurance)		38,955
Assistant Regional Superintendent Benefits (includes State paid insurance)		26,705
Total	\$	264,983

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the ISBE. These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures of the General Fund.

The Will County Regional Office of Education No. 56 also recorded \$252,206 in revenue and expenses as on-behalf payments from ISBE for the Will County Regional Office of Education No. 56's share of the State's TRS pension expense in the Statement of Activities. In addition, the Will County Regional Office of Education No. 56 recorded (\$66,425) in revenue and expenses as on-behalf payments from CMS for the Will County Regional Office of Education No. 56's share of the State's THIS contributions in the Statement of Activities. Further, the Will County Regional Office of Education No. 56 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	264,983
ROE No. 56's share of TRS pension expense		252,206
THIS fund OPEB expense (benefit)		(66,425)
Total	\$	450,764

NOTE 14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through August XX, 2024, the date the financial statements were available to be issued.

Illinois Municipal Retirement Fund
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Last Nine Calendar Years

Calendar Year Ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 66,492	\$ 65,737	\$ 63,334	\$ 65,740	\$ 60,691	\$ 45,618	\$ 39,771	\$ 42,078	\$ 49,868
Interest on the total pension liability	172,073	162,677	155,286	146,330	137,070	130,745	124,987	109,141	100,073
Differences between expected and actual experience of the total pension liability	89,902	12,593	47,682	14,913	18,912	61,400	(8,408)	139,396	(19,639)
Changes of assumptions	-	-	(57,928)	-	68,415	(68,472)	-	-	58,670
Benefit payments, including refunds of employee contributions	(114,237)	(109,341)	(105,903)	(98,612)	(95,128)	(89,837)	(75,188)	(95,802)	(47,571)
Net change in total pension liability	214,230	131,666	102,471	128,371	189,960	79,454	81,162	194,813	141,401
Total pension liability - beginning	2,382,242	2,250,576	2,148,105	2,019,734	1,829,774	1,750,320	1,669,158	1,474,345	1,332,944
Total pension liability - ending (A)	\$ 2,596,472	\$ 2,382,242	\$ 2,250,576	\$ 2,148,105	\$ 2,019,734	\$ 1,829,774	\$ 1,750,320	\$ 1,669,158	\$ 1,474,345
Plan fiduciary net position									
Contributions - employer	\$ 46,170	\$ 58,493	\$ 57,039	\$ 38,226	\$ 52,569	\$ 46,963	\$ 22,335	\$ 20,165	\$ 39,390
Contributions - employees	48,181	42,135	41,532	31,374	27,604	22,153	16,949	15,354	22,331
Net investment income (loss)	(357,198)	403,651	324,071	361,432	(78,133)	279,866	109,931	27,654	68,005
Benefit payments, including refunds of employee contributions	(114,237)	(109,341)	(105,903)	(98,612)	(95,128)	(89,837)	(75,188)	(95,802)	(47,571)
Other (net transfer)	(1,630)	(1,343)	(1,520)	(1,832)	(1,533)	(1,507)	(1,725)	(3,892)	(897)
Net change in plan fiduciary net position	(378,714)	393,595	315,219	330,588	(94,621)	257,638	72,302	(36,521)	81,258
Plan fiduciary net position - beginning	2,872,965	2,479,370	2,164,151	1,833,563	1,928,184	1,670,546	1,598,244	1,634,765	1,553,507
Plan fiduciary net position - ending (B)	\$ 2,494,251	\$ 2,872,965	\$ 2,479,370	\$ 2,164,151	\$ 1,833,563	\$ 1,928,184	\$ 1,670,546	\$ 1,598,244	\$ 1,634,765
Net pension liability (asset) - ending (A) - (B)	\$ 102,221	\$ (490,723)	\$ (228,794)	\$ (16,046)	\$ 186,171	\$ (98,410)	\$ 79,774	\$ 70,914	\$ (160,420)
Plan fiduciary net position as a percentage of the total pension liability	96.06%	120.60%	110.17%	100.75%	90.78%	105.38%	95.44%	95.75%	110.88%
Covered payroll	\$ 737,545	\$ 653,551	\$ 640,165	\$ 583,597	\$ 613,414	\$ 492,279	\$ 376,645	\$ 341,197	\$ 373,016
Net pension liability (asset) as a percentage of covered payroll	13.86%	(75.09%)	(35.74%)	(2.75%)	30.35%	(19.99%)	21.18%	20.78%	(43.01%)

Notes to Schedule:

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

Changes of Assumptions:

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

**Will County
Regional Office of Education No. 56
Required Supplementary Information
For the Year Ended June 30, 2023**

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
Last Nine Fiscal Years**

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2023	\$ 45,910 *	\$ 45,910	\$ -	\$ 849,402	5.40%
2022	49,850	49,850	-	655,655	7.60%
2021	57,986	57,986	-	649,332	8.93%
2020	47,231	47,231	-	606,858	7.78%
2019	45,156	45,156	-	596,149	7.57%
2018	53,668	53,668	-	594,179	9.03%
2017	31,340	31,340	-	401,200	7.81%
2016	21,039	21,039	-	355,373	5.92%
2015	27,788	27,788	-	338,171	8.22%

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate**

Valuation Date:

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

Methods and Assumptions Used to Determine 2022 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	21-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	2.75%
<i>Price Inflation:</i>	2.25%
<i>Salary Increases:</i>	2.85% to 13.75%, including inflation
<i>Investment Rate of Return:</i>	7.25%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility conditions last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
<i>Mortality:</i>	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation.

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

**Teachers' Retirement System of the State of Illinois
Schedule of the Employer's Proportionate Share of the Net Pension Liability**

	FY2022*	FY2021*	FY2020*	FY2019*	FY2018*	FY2017*	FY2016*	FY2015*	FY2014*
Employer's proportion of the net pension liability	0.0000441481%	0.0000547293%	0.0000651426%	0.0000841513%	0.0000796396%	0.0000810718%	0.0000906495%	0.0000949716%	0.0000941630%
Employer's proportionate share of the net pension liability	\$ 37,014	\$ 42,695	\$ 56,163	\$ 68,254	\$ 62,075	\$ 61,937	\$ 71,555	\$ 62,216	\$ 57,306
State's proportionate share of the net pension liability associated with the employer	3,210,712	3,578,298	4,398,966	4,857,531	4,252,396	4,263,895	4,804,340	3,715,110	3,573,659
Total	\$ 3,247,726	\$ 3,620,993	\$ 4,455,129	\$ 4,925,785	\$ 4,314,471	\$ 4,325,832	\$ 4,875,895	\$ 3,777,326	\$ 3,630,965
Employer's covered payroll	\$ 450,211	\$ 490,863	\$ 624,364	\$ 549,373	\$ 577,614	\$ 618,297	\$ 601,808	\$ 573,653	\$ 677,630
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	8.2%	8.7%	9.0%	12.4%	10.7%	10.0%	11.9%	10.8%	8.5%
Plan fiduciary net position as a percentage of the total pension liability	42.8%	45.1%	37.8%	39.6%	40.0%	39.3%	36.4%	41.5%	43.0%

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

**Teachers' Retirement System of the State of Illinois
Schedule of Employer Contributions**

	FY2023**	FY2022**	FY2021**	FY2020**	FY2019**	FY2018**	FY2017**	FY2016**	FY2015**	FY2014**
Statutorily-required contribution	\$ 3,420	\$ 2,611	\$ 2,847	\$ 3,621	\$ 3,186	\$ 3,350	\$ 3,324	\$ 3,490	\$ 3,327	\$ 3,370
Contributions in relation to the statutorily-required contribution	3,420	2,611	2,906	3,632	3,811	3,471	3,284	3,490	3,327	3,375
Contribution deficiency (excess)	\$ -	\$ -	\$ (59)	\$ (11)	\$ (625)	\$ (121)	\$ 40	\$ -	\$ -	\$ (5)
Employer's covered payroll	\$ 589,717	\$ 450,211	\$ 490,863	\$ 624,364	\$ 549,373	\$ 577,614	\$ 618,297	\$ 601,808	\$ 573,653	\$ 677,630
Contributions as a percentage of covered payroll	0.58%	0.58%	0.59%	0.58%	0.69%	0.60%	0.53%	0.58%	0.58%	0.50%

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

Notes to Required Supplementary Information

Changes of assumptions

For the 2022 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.50 percent and a real return of 4.50 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated Sept. 30, 2021.

For the 2021-2017 measurement years, the assumed investment rate of return was 7.0, including an inflation rate of 2.25 percent and a real return of 4.75 percent. Salary increases were assumed to vary by service credit. The assumptions used for the 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 18, 2018 and August 13, 2015, respectively.

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

Teachers' Health Insurance Security Fund
Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
Last Seven Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the collective net OPEB liability	0.0016360000%	0.0018840000%	0.0021640000%	0.0026730000%	0.0024370000%	0.0025040000%	0.0025840000%
Employer's proportionate share of the collective net OPEB liability	\$ 112,011	\$ 415,544	\$ 578,640	\$ 739,830	\$ 641,964	\$ 649,651	\$ 706,827
State's proportionate share of the collective net OPEB liability associated with the employer	152,374	563,389	783,906	1,001,776	861,988	853,196	979,263
Total	<u>\$ 264,385</u>	<u>\$ 978,933</u>	<u>\$ 1,362,546</u>	<u>\$ 1,741,606</u>	<u>\$ 1,503,952</u>	<u>\$ 1,502,847</u>	<u>\$ 1,686,090</u>
Employer's covered payroll	\$ 450,211	\$ 490,863	\$ 624,364	\$ 549,373	\$ 577,614	\$ 618,297	\$ 601,808
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	24.9%	84.7%	92.7%	134.7%	111.1%	105.1%	117.5%
Plan fiduciary net position as a percentage of the total OPEB liability	5.24%	1.40%	0.70%	0.25%	-0.07%	-0.17%	-0.22%

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

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

Teachers' Health Insurance Security Fund
Schedule of Employer Contributions
Last Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily-required contribution	\$ 3,951	\$ 3,016	\$ 4,516	\$ 5,744	\$ 5,054	\$ 5,083	\$ 4,814	\$ 4,814
Contributions in relation to the statutorily-required contribution	3,951	3,016	4,516	5,744	5,054	5,083	4,814	4,360
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454</u>
Employer's covered payroll	\$ 589,717	\$ 450,211	\$ 490,863	\$ 624,364	\$ 549,373	\$ 577,614	\$ 618,297	\$ 601,808
Contributions as a percentage of covered payroll	0.67%	0.67%	0.92%	0.92%	0.92%	0.88%	0.78%	0.72%

Changes of Benefit Term

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

Changes of assumptions

For the 2022 measurement year, the assumed investment rate of return was 2.75%, including an inflation rate of 2.25%. Salary increases were assumed to depend on service and range from 8.50% at 1 year of service to 3.50% at 20 or more years of service. Salary increase includes a 3.50% wage inflation assumption.

For the 2021 measurement year, the assumed investment rate of return was 2.75%, including an inflation rate of 2.50%. Salary increases were assumed to depend on service and range from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

For the 2020, and 2019 measurement year, the assumed investment rate of return was 0.00%, including an inflation rate of 2.50%. Salary increases were assumed to depend on service and range from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.00%, including an inflation rate of 2.75%. Salary increases were assumed to depend on service and range from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.

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

Health Insurance Plan
Schedule of Changes in the Total OPEB Liability and Related Ratios

Measurement Date June 30,	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 1,403	\$ 4,409	\$ 3,737	\$ 5,091	\$ 5,322	\$ 5,124
Interest	2,787	3,313	3,267	3,897	3,641	3,315
Differences between expected and actual experience of the total pension (asset) liability	-	(43,699)	-	(22,473)	-	-
Changes of assumptions	(86)	(34,046)	1,383	49,972	8,288	-
Benefit payments	(3,541)	(5,698)	-	-	-	-
Net change in total OPEB liability	563	(75,721)	8,387	36,487	17,251	8,439
Total OPEB liability - beginning	80,499	156,220	147,833	111,346	94,095	85,656
Total OPEB liability - ending (A)	<u>\$ 81,062</u>	<u>\$ 80,499</u>	<u>\$ 156,220</u>	<u>\$ 147,833</u>	<u>\$ 111,346</u>	<u>\$ 94,095</u>
Covered payroll	\$ 720,081	\$ 651,727	\$ 606,995	\$ 628,115	\$ 609,895	\$ 672,373
Total OPEB liability as a percentage of covered payroll	11.26%	12.35%	25.74%	23.54%	18.26%	13.99%

Notes to Schedule:

Changes of Benefit Term

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

Changes of assumptions

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.54% to 3.65% for current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.54% to 3.65%.

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

Will County
Regional Office of Education No. 56
General Fund
Combining Schedule of Accounts
June 30, 2023
Schedule 1

	<u>General Operations</u>	<u>General State Aid</u>	<u>Lincoln School</u>	<u>Forest Service</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 4,246,542	\$ 20,061	\$ -	\$ -	\$ 4,266,603
Due from other funds	-	679,551	-	-	(579,877)	99,674
TOTAL ASSETS	<u>-</u>	<u>4,926,093</u>	<u>20,061</u>	<u>-</u>	<u>(579,877)</u>	<u>4,366,277</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts payable and accrued expenses	-	31,253	-	-	-	31,253
Due to other funds	579,877	-	-	-	(579,877)	-
Total liabilities	<u>579,877</u>	<u>31,253</u>	<u>-</u>	<u>-</u>	<u>(579,877)</u>	<u>31,253</u>
FUND BALANCES (DEFICIT)						
Unassigned	<u>(579,877)</u>	<u>4,894,840</u>	<u>20,061</u>	<u>-</u>	<u>-</u>	<u>4,335,024</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ 4,926,093</u>	<u>\$ 20,061</u>	<u>\$ -</u>	<u>\$ (579,877)</u>	<u>\$ 4,366,277</u>

Will County
Regional Office of Education No. 56
General Fund Accounts
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
Schedule 2

	General Operations	General State Aid	Lincoln School	Forest Service	Total
REVENUES					
Local sources	\$ 7,041	\$ 84,869	\$ 2,333	\$ -	\$ 94,243
State sources	-	1,164,886	-	-	1,164,886
Federal sources	-	-	141,933	81,326	223,259
On-behalf payments - local	636,228	-	-	-	636,228
On-behalf payments - State	264,983	-	-	-	264,983
Total revenues	<u>908,252</u>	<u>1,249,755</u>	<u>144,266</u>	<u>81,326</u>	<u>2,383,599</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	-	527,185	144,103	-	671,288
Purchased services	6,321	836,339	-	-	842,660
Supplies and materials	481	58,101	922	-	59,504
Other objects	195	-	-	-	195
On-behalf payments - local	636,228	-	-	-	636,228
On-behalf payments - State	264,983	-	-	-	264,983
Intergovernmental:					
Payments to governments	-	-	-	81,326	81,326
Debt service:					
Repayment of long-term lease payable	-	213,765	-	-	213,765
Interest on leases	-	19,233	-	-	19,233
Capital outlay	-	4,026	-	-	4,026
Total expenditures	<u>908,208</u>	<u>1,658,649</u>	<u>145,025</u>	<u>81,326</u>	<u>2,793,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>44</u>	<u>(408,894)</u>	<u>(759)</u>	<u>-</u>	<u>(409,609)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of lease liabilities	-	588,737	-	-	588,737
Transfer out	-	(3,075)	-	-	(3,075)
Total other financing source (use)	<u>-</u>	<u>585,662</u>	<u>-</u>	<u>-</u>	<u>585,662</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	44	176,768	(759)	-	176,053
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(579,921)</u>	<u>4,718,072</u>	<u>20,820</u>	<u>-</u>	<u>4,158,971</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (579,877)</u>	<u>\$ 4,894,840</u>	<u>\$ 20,061</u>	<u>\$ -</u>	<u>\$ 4,335,024</u>

Will County
Regional Office of Education No. 56
Education Fund
Combining Schedule of Accounts
June 30, 2023
Schedule 3

	ARP - HCY	McKinney Education for Homeless Children	Regional Safe Schools	ESSR - Digital Equity Formula	ESSER III	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 20,319	\$ -	\$ -	\$ 20,319
Due from other governments	30,779	13,634	-	-	55,319	99,732
TOTAL ASSETS	<u>30,779</u>	<u>13,634</u>	<u>20,319</u>	<u>-</u>	<u>55,319</u>	<u>120,051</u>
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued expenses	-	-	20,319	-	58	20,377
Due to other funds	30,779	13,634	-	-	55,261	99,674
Total liabilities	<u>30,779</u>	<u>13,634</u>	<u>20,319</u>	<u>-</u>	<u>55,319</u>	<u>120,051</u>
FUND BALANCES						
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 30,779</u>	<u>\$ 13,634</u>	<u>\$ 20,319</u>	<u>\$ -</u>	<u>\$ 55,319</u>	<u>\$ 120,051</u>

Will County
Regional Office of Education No. 56
Education Fund Accounts
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
Schedule 4

	ARP - HCY	McKinney Education for Homeless Children	Regional Safe Schools	ESSR - Digital Equity Formula	ESSER III	Total
REVENUES						
State sources	\$ -	\$ -	\$ 322,766	\$ -	\$ -	\$ 322,766
Federal sources	262,720	686,293	-	2,654	55,319	1,006,986
Total revenues	<u>262,720</u>	<u>686,293</u>	<u>322,766</u>	<u>2,654</u>	<u>55,319</u>	<u>1,329,752</u>
EXPENDITURES						
Instructional services:						
Salaries and benefits	-	141,933	258,996	-	7,319	408,248
Pension expense	-	-	3,858	-	-	3,858
OPEB expense	-	-	3,951	-	-	3,951
Purchased services	129,625	120,692	234,010	1,616	48,000	533,943
Supplies and materials	45,595	80,827	3,065	715	-	130,202
Debt service:						
Repayment of long-term lease payable	-	-	47,514	-	-	47,514
Interest on leases	-	-	7,008	-	-	7,008
Intergovernmental:						
Payments to other governments	87,500	342,841	-	-	-	430,341
Total expenditures	<u>262,720</u>	<u>686,293</u>	<u>558,402</u>	<u>2,331</u>	<u>55,319</u>	<u>1,565,065</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(235,636)</u>	<u>323</u>	<u>-</u>	<u>(235,313)</u>
OTHER FINANCING SOURCES						
Issuance of lease liabilities	-	-	232,561	-	-	232,561
Transfer in	-	-	3,075	-	-	3,075
Total other financing sources	<u>-</u>	<u>-</u>	<u>235,636</u>	<u>-</u>	<u>-</u>	<u>235,636</u>
NET CHANGE IN FUND BALANCES	-	-	-	323	-	323
FUND BALANCES, BEGINNING OF YEAR	-	-	-	(323)	-	(323)
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Will County
Regional Office of Education No. 56
Education Fund Accounts
Budgetary Comparison Schedule
For the Year Ended June 30, 2023
Schedule 5

	ARP - HCY				McKinney Education for Homeless Children			
	Budgeted Amounts*		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	262,720	262,720	653,465	1,004,471	686,293	(318,178)
Total revenues	-	-	262,720	262,720	653,465	1,004,471	686,293	(318,178)
EXPENDITURES								
Instructional services:								
Salaries and benefits	-	-	-	-	120,243	151,875	141,933	9,942
Pension expense	-	-	-	-	-	-	-	-
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	-	-	129,625	(129,625)	83,552	293,798	120,692	173,106
Supplies and materials	-	-	45,595	(45,595)	39,690	148,818	80,827	67,991
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Repayment of long-term lease payable	-	-	-	-	-	-	-	-
Interest on leases	-	-	-	-	-	-	-	-
Intergovernmental:								
Payments to other governments	-	-	87,500	(87,500)	409,980	409,980	342,841	67,139
Total expenditures	-	-	262,720	(262,720)	653,465	1,004,471	686,293	318,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES								
Issuance of lease liabilities			-	-			-	-
Transfer in			-	-			-	-
Total other financing sources			-	-			-	-
NET CHANGE IN FUND BALANCES			-	-			-	-
FUND BALANCES, BEGINNING OF YEAR			-	-			-	-
FUND BALANCES, END OF YEAR			\$ -	\$ -			\$ -	\$ -

* There were no budget amounts for ARP-HCY since the grant ended in fiscal year 2022. The grant in fiscal year 2022 ran from July 1, 2021 through June 30, 2023.

Will County
Regional Office of Education No. 56
Education Fund Accounts
Budgetary Comparison Schedule
For the Year Ended June 30, 2023
Schedule 5 (Continued)

	Regional Safe Schools				ESSR - Digital Equity Formula			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts*		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ 322,766	\$ 322,766	\$ 322,766	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	2,654	2,654
Total revenues	322,766	322,766	322,766	-	-	-	2,654	2,654
EXPENDITURES								
Instructional services:								
Salaries and benefits	252,643	266,044	258,996	7,048	-	-	-	-
Pension expense	-	-	3,858	(3,858)	-	-	-	-
OPEB expense	-	-	3,951	(3,951)	-	-	-	-
Purchased services	68,923	54,522	234,010	(179,488)	-	-	1,616	(1,616)
Supplies and materials	1,200	2,200	3,065	(865)	-	-	715	(715)
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Repayment of long-term lease payable	-	-	47,514	(47,514)	-	-	-	-
Interest on leases	-	-	7,008	(7,008)	-	-	-	-
Intergovernmental:								
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	322,766	322,766	558,402	(235,636)	-	-	2,331	(2,331)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	(235,636)	\$ (235,636)	\$ -	\$ -	323	\$ 323
OTHER FINANCING SOURCES								
Issuance of lease liabilities			232,561				-	
Transfer in			3,075				-	
Total other financing sources			235,636				-	
NET CHANGE IN FUND BALANCES							323	
FUND BALANCES, BEGINNING OF YEAR							(323)	
FUND BALANCES, END OF YEAR			\$ -				\$ -	

* There were no budget amounts for ESSR - Digital Equity Formula since the grant ended in fiscal year 2022. The grant in fiscal year 2022 ran from July 1, 2021 through June 30, 2023.

Will County
Regional Office of Education No. 56
Education Fund Accounts
Budgetary Comparison Schedule
For the Year Ended June 30, 2023
Schedule 5 (Continued)

	ESSER III				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ -	\$ -	\$ -	\$ -	\$ 322,766	\$ 322,766	\$ 322,766	\$ -
Federal sources	85,235	85,235	55,319	(29,916)	738,700	1,089,706	1,006,986	(82,720)
Total revenues	85,235	85,235	55,319	(29,916)	1,061,466	1,412,472	1,329,752	(82,720)
EXPENDITURES								
Instructional services:								
Salaries and benefits	11,008	11,008	7,319	3,689	383,894	428,927	408,248	20,679
Pension expense	-	-	-	-	-	-	3,858	(3,858)
OPEB expense	-	-	-	-	-	-	3,951	(3,951)
Purchased services	48,000	48,000	48,000	-	200,475	396,320	533,943	(137,623)
Supplies and materials	10,241	11,184	-	11,184	51,131	162,202	130,202	32,000
Capital outlay	15,986	15,043	-	15,043	15,986	15,043	-	15,043
Debt service:								
Repayment of long-term lease payable	-	-	-	-	-	-	47,514	(47,514)
Interest on leases	-	-	-	-	-	-	7,008	(7,008)
Intergovernmental:								
Payments to other governments	-	-	-	-	409,980	409,980	430,341	(20,361)
Total expenditures	85,235	85,235	55,319	29,916	1,061,466	1,412,472	1,565,065	(152,593)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	(235,313)	\$ (235,313)
OTHER FINANCING SOURCES								
Issuance of lease liabilities							232,561	
Transfer in							3,075	
Total other financing sources							235,636	
NET CHANGE IN FUND BALANCES							323	
FUND BALANCES, BEGINNING OF YEAR							(323)	
FUND BALANCES, END OF YEAR							\$ -	

Will County
Regional Office of Education No. 56
Professional Development Alliance Fund
Combining Schedule of Accounts
June 30, 2023
Schedule 6

	ROE/ISC Operations	Grundy/Kendall County ROE/ISC Operations	ESSER II - SEL Trauma	Total
ASSETS				
Cash and cash equivalents	\$ 139,305	\$ -	\$ -	\$ 139,305
Due from other governments	-	-	54,242	54,242
TOTAL ASSETS	<u>139,305</u>	<u>-</u>	<u>54,242</u>	<u>193,547</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	-	-	54,242	54,242
Unearned revenue	139,305	-	-	139,305
Total liabilities	<u>139,305</u>	<u>-</u>	<u>54,242</u>	<u>193,547</u>
FUND BALANCES				
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 139,305</u>	<u>\$ -</u>	<u>\$ 54,242</u>	<u>\$ 193,547</u>

Will County
Regional Office of Education No. 56
Professional Development Alliance Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
Schedule 7

	ROE/ISC Operations	Grundy/Kendall County ROE/ISC Operations	ESSER II - SEL Trauma	Total
REVENUES				
State sources	\$ 633,166	\$ 444,893	\$ -	\$ 1,078,059
Federal sources	-	-	99,022	99,022
Total revenues	<u>633,166</u>	<u>444,893</u>	<u>99,022</u>	<u>1,177,081</u>
EXPENDITURES				
Instructional services:				
Salaries and benefits	490,458	336,571	7,019	834,048
Pension expense	10,588	9,080	260	19,928
OPEB expense	3,541	-	-	3,541
Purchased services	39,367	22,824	81,878	144,069
Supplies and materials	30,172	37,058	9,865	77,095
Debt service:				
Repayment of long-term lease payable	50,290	33,527	-	83,817
Interest on leases	8,750	5,833	-	14,583
Total expenditures	<u>633,166</u>	<u>444,893</u>	<u>99,022</u>	<u>1,177,081</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Will County
Regional Office of Education No. 56
Professional Development Alliance Funds
Budgetary Comparison Schedule
For the Year Ended June 30, 2023
Schedule 8

	ROE/ISC Operations				Grundy/Kendall County ROE/ISC Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ 772,471	\$ 772,471	\$ 633,166	\$ (139,305)	\$ 444,893	\$ 444,893	\$ 444,893	\$ -
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>772,471</u>	<u>772,471</u>	<u>633,166</u>	<u>(139,305)</u>	<u>444,893</u>	<u>444,893</u>	<u>444,893</u>	<u>-</u>
EXPENDITURES								
Instructional services:								
Salaries and benefits	623,441	504,462	490,458	14,004	363,889	339,507	336,571	2,936
Pension expense	-	-	10,588	(10,588)	-	-	9,080	(9,080)
OPEB expense	-	-	3,541	(3,541)	-	-	-	-
Purchased services	125,273	97,864	39,367	58,497	68,355	68,328	22,824	45,504
Supplies and materials	23,757	170,145	30,172	139,973	12,649	37,058	37,058	-
Debt service:								
Repayment of long-term lease payable	-	-	50,290	(50,290)	-	-	33,527	(33,527)
Interest on leases	-	-	8,750	(8,750)	-	-	5,833	(5,833)
Total expenditures	<u>772,471</u>	<u>772,471</u>	<u>633,166</u>	<u>139,305</u>	<u>444,893</u>	<u>444,893</u>	<u>444,893</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCES, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

Will County
Regional Office of Education No. 56
Professional Development Alliance Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023
Schedule 8 (Continued)

	ESSER II - SEL Trauma				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
State sources	\$ -	\$ -	\$ -	\$ -	\$ 1,217,364	\$ 1,217,364	\$ 1,078,059	\$ (139,305)
Federal sources	122,841	122,841	99,022	(23,819)	122,841	122,841	99,022	(23,819)
Total revenues	122,841	122,841	99,022	(23,819)	1,340,205	1,340,205	1,177,081	(163,124)
EXPENDITURES								
Instructional services:								
Salaries and benefits	-	-	7,019	(7,019)	987,330	843,969	834,048	9,921
Pension expense	-	-	260	(260)	-	-	19,928	(19,928)
OPEB expense	-	-	-	-	-	-	3,541	(3,541)
Purchased services	122,841	122,841	81,878	40,963	316,469	289,033	144,069	144,964
Supplies and materials	-	-	9,865	(9,865)	36,406	207,203	77,095	130,108
Debt service:								
Repayment of long-term lease payable	-	-	-	-	-	-	83,817	(83,817)
Interest on leases	-	-	-	-	-	-	14,583	(14,583)
Total expenditures	122,841	122,841	99,022	23,819	1,340,205	1,340,205	1,177,081	163,124
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCES, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

Will County
Regional Office of Education No. 56
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2023
Schedule 9

	General Education Development	Bus Driver Training	Total
ASSETS			
Cash and cash equivalents	\$ 176,721	\$ 146,150	\$ 322,871
Accounts receivable	-	2,940	2,940
TOTAL ASSETS	176,721	149,090	325,811
FUND BALANCES			
Restricted	\$ 176,721	\$ 149,090	\$ 325,811

Will County
Regional Office of Education No. 56
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023
Schedule 10

	General Education Development	Bus Driver Training	Total
REVENUES			
Local sources	\$ 8,710	\$ 20,290	\$ 29,000
State sources	-	3,734	3,734
Total revenues	<u>8,710</u>	<u>24,024</u>	<u>32,734</u>
EXPENDITURES			
Purchased services	2,415	18,413	20,828
Supplies and materials	241	-	241
Miscellaneous	245	494	739
Total expenditures	<u>2,901</u>	<u>18,907</u>	<u>21,808</u>
NET CHANGE IN FUND BALANCES	5,809	5,117	10,926
FUND BALANCES, BEGINNING OF YEAR	<u>170,912</u>	<u>143,973</u>	<u>314,885</u>
FUND BALANCES, END OF YEAR	<u>\$ 176,721</u>	<u>\$ 149,090</u>	<u>\$ 325,811</u>

Will County
Regional Office of Education No. 56
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor / Pass Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Forest Service Schools and Roads Cluster:				
Passed-Through Illinois Department of Natural Resources: Schools and Roads - Grants to States				
Title III - County Projects - Forest Service	10.665	PV422800047023/ 47024/47025	\$ 81,326	\$ 81,326
Total Forest Service Schools and Roads Cluster			<u>\$ 81,326</u>	<u>\$ 81,326</u>
Total U.S. Department of Agriculture			<u>\$ 81,326</u>	<u>\$ 81,326</u>
<u>U.S. Department of Education</u>				
Passed-Through Illinois State Board of Education: Education for Homeless Children and Youth				
McKinney Education for Homeless Children (M)	84.196A	2022-4920-RF	\$ 86,829	\$ -
McKinney Education for Homeless Children (M)	84.196A	2023-4920-RF	599,464	342,841
Total McKinney Education for Homeless Children			<u>686,293</u>	<u>342,841</u>
Education Stabilization Fund				
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	2022-4998-HM	\$ 262,720	\$ 87,500
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ESSER III)	84.425D	2022-4998-E3	55,319	-
COVID-19 - Elementary and Secondary Relief - Digital Equity Formula	84.425D	2022-4998-D2	2,331	-
			<u>\$ 320,370</u>	<u>\$ 87,500</u>
Passed-Through ROE No. 24 Grundy and Kendall Counties Education Stabilization Fund				
COVID-19 - ESSER II - Social Emotional Learning and Trauma Response	84.425D	586-29-2574	\$ 99,022	\$ -
Total Education Stabilization Fund			\$ 419,392	\$ 87,500
Total U.S. Department of Education			<u>\$ 1,105,685</u>	<u>\$ 430,341</u>
Total Expenditures of Federal Awards			<u>\$ 1,187,011</u>	<u>\$ 511,667</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

Will County
Regional Office of Education No. 56
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying *Schedule of Expenditures of Federal Awards* (the Schedule) includes the federal award activity of the Will County Regional Office of Education No. 56 under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 56, it is not intended to and does not present the financial position, changes in net position, or cash flows of Will County Regional Office of Education No. 56.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Will County Regional Office of Education No. 56 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.