

**STATE OF ILLINOIS
CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2018**

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

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
FINANCIAL AUDIT
For the Year Ended June 30, 2018

TABLE OF CONTENTS

	Page(s)
Agency Officials	1
Financial Statement Report	
Summary	2
Independent Auditor’s Report	4
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	7
Summary of Auditor's Results	9
Financial Statement Findings	10
Corrective Action Plan for Current Year Findings	20-a
Summary Schedule of Prior Year Audit Findings not Repeated	21
Basic Financial Statements	
Statement of Net Position (Government-Wide)	22
Statement of Activities (Government-Wide)	23
Balance Sheet (Governmental)	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Governmental)	25
Statement of Revenues, Expenditures and Changes in Fund Balances (Governmental)	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (Governmental)	27
Statement of Net Position (Proprietary)	28
Statement of Revenues, Expenses and Changes in Fund Net Position (Proprietary)	29
Statement of Cash Flows (Proprietary)	30
Statement of Fiduciary Net Position (Fiduciary)	31
Notes to the Financial Statements	32
Required Supplementary Information (Unaudited)	
IMRF Schedule of Changes in the Net Pension Liability and Related Ratios	77
IMRF Schedule of Employer Contributions	78
TRS Schedule of Employer's Proportionate Share of the Net Pension Liability	80
TRS Schedule of Employer Contributions	81
THIS Schedule of the Employer Contributions	82
THIS Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability	83

STATE OF ILLINOIS
 CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 FINANCIAL AUDIT
 For the Year Ended June 30, 2018

TABLE OF CONTENTS

(Continued)

OPEB Health Insurance Schedule of Changes in the Total OPEB Liability & Related Ratios	84
Supplementary Information	
Combining Schedule of Accounts (General Fund)	85
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (General Fund)	88
Combining Schedule of Accounts (Education Fund)	91
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Education Fund)	96
Budgetary Comparison Schedule - Education Fund Accounts Title II - Teacher Quality Leadership Grant	101
Budgetary Comparison Schedule - Education Fund Accounts Truants Alternative/Optional Education	102
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant	103
Budgetary Comparison Schedule - Education Fund Accounts McKinney Education for Homeless Children	104
Budgetary Comparison Schedule - Education Fund Accounts Regional Safe Schools	105
Budgetary Comparison Schedule - Education Fund Accounts ROE/ISC Operations	106
Budgetary Comparison Schedule - Education Fund Accounts Special Education For Infants and Families with Disabilities	107
Budgetary Comparison Schedule - Education Fund Accounts Title I - School Improvement System of Support	108
Budgetary Comparison Schedule - Education Fund Accounts Pilot Regional Safe School	109
Combining Balance Sheet (Non-Major Special Revenue Funds)	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Non-Major Special Revenue Funds)	111
Combining Statement of Net Position (Internal Service Fund)	112
Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Internal Service Fund)	113
Combining Statement of Cash Flows (Internal Service Fund)	114
Combining Statement of Fiduciary Net Position (Agency Funds)	115
Combining Statement of Changes in Assets and Liabilities (Agency Funds)	116

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

AGENCY OFFICIALS

Regional Superintendent
(7/1/2021 - Currently)

Mr. Matt Renaud

Regional Superintendent
(During the audit period)

Mr. Ron Daniels

Assistant Regional Superintendent
(7/1/2021 - Currently)

Mr. John Consolino

Assistant Regional Superintendent
(During the audit period)

Ms. Melanie Andrews

Offices are located at:
930 B Fairfax
Carlyle, IL 62231

1710 Broadway
Mt. Vernon, IL 62864

200 East Schwarts Street
Salem, IL 62881

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
FINANCIAL REPORT SUMMARY**

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

AUDITOR’S REPORT

The auditor’s reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	6	5
Repeated findings	4	5
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2018-001	10	Controls over Bank Reconciliation	Significant Deficiency
2018-002	12	Controls over Property and Equipment	Significant Deficiency
2018-003	14	Controls over Payroll and Grant Compliance	Significant Deficiency and Noncompliance
2018-004	16	Delay of Audit	Noncompliance
2018-005	18	Controls Over Compliance with Laws and Regulations	Noncompliance
2018-006	20	Controls Over Cash Receipts	Significant Deficiency

PRIOR FINDING NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2017-001	21	Controls over Financial Statement Preparation	Significant Deficiency
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EXIT CONFERENCE

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2018 in a communication from Matt Renaud, Regional Superintendent, dated November 15, 2021.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying financial statements of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 was performed by Campbell, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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, Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers Health Insurance Security Fund Schedule of the Employer Contributions, Teachers Health Insurance Security Fund Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, and OPEB Health Insurance Schedule of Changes in the Total OPEB Liability & Related Ratios on page 77 through page 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021 on our consideration of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

East St. Louis, Illinois
November 23, 2021



**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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13’s basic financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13’s internal control over financial reporting (internal control to determine the 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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2018-001 through 2018-003 and 2018-006 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-004 and 2018-005.

Regional Office of Education No. 13's Responses to Findings

Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

East St. Louis, Illinois
November 23, 2021

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

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 weakness identified? Yes No

- Significant deficiency(ies) identified? Yes None reported

- Noncompliance material to financial statements noted? Yes No

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

Finding No. 2018-001 - Controls over Bank Reconciliations (Repeat of Finding No. 17-002 and 16-002)

Criteria/Specific Requirement:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) is responsible for establishing and maintaining a system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of bank reconciliations. Bank reconciliations should be performed within a month of the closing date on the bank statement and evidence of review should be documented.

Condition:

The Regional Office of Education No. 13 did not have adequate controls over the preparation and review of bank reconciliations. During our review of the Regional Office of Education No. 13's monthly bank reconciliations for its two (2) bank accounts, we noted bank reconciliations were not prepared or reviewed in a timely manner. Specifically, we noted the following:

- One (4%) monthly reconciliation was prepared 40 days after month end.
- For 10 (42%) monthly reconciliations, we were unable to determine if the reconciliations were timely reviewed as the Regional Office of Education No.13 did not document the date the review was done.
- For Six (25%) monthly reconciliations, the previous and ending cash balances differed but were still approved and initialed.
- For 12 (50%) monthly reconciliations, the bank reconciliation balance and balance sheet balance differed but were still approved and initialed.

Effect:

The Regional Office of Education No. 13's management, or its employees, in the normal course of performing their assigned functions, may not prevent or detect a misstatement of cash in a timely manner.

Cause:

In the transition phase of the combination of Regional Office of Education #25 and the Regional Office of Education #13 duties to perform the bank reconciliation had not been clearly assigned. This item is repeated because of the lateness of the FY 17 audit and replacement of the employee.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-001 - Controls over Bank Reconciliations (Repeat of Finding No. 17-002 and 16-002)

Auditor's Recommendation

As part of internal control over cash, the Regional Office of Education No. 13 should prepare and review the monthly bank reconciliations within a month of the closing date on the bank statement. The review should ensure the reconciliation is completed accurately, and is indicated in writing, including the individual performing the review and the date.

Management's Response:

As of July of 2018, Bank Statements are currently and will continue to be properly prepared by a newly employed staff member and then reviewed and dated by the Regional Superintendent.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-002 - Controls over Property and Equipment (Repeat of Finding No. 17-003 and 16-003)

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed capital asset records for both accounting purposes as well as insurance purposes, for capital assets costing \$500 or more. Generally accepted accounting principles require records of all capital assets and depreciation schedules for assets meeting the capitalization threshold for reporting to be maintained so that this information can be reported within the financial statements. The ROE capitalizes assets with an individual cost of more than \$500 and an estimated useful life in excess of one year.

In addition, sound internal controls require that policies and procedures on capital assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and they should be formally documented and consistently applied. Further, good internal controls require capital assets that are obsolete, damaged or no longer used in operations be removed from the ROE's capital asset listing.

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not have adequate controls over its capital assets. During our physical observation and review of the Regional Office of Education No. 13's capital assets, we noted the following:

- 8 of 25 (32%) of the items tested remained on the capital asset listing when the asset was no longer in use. 3 of the 8 items were disposed of in the Carlyle location. 4 of the 8 items were no longer in use and were either being used as parts or ceased functionality. 1 of the 8 items was not in the location as designated on the fixed asset listing.
- A physical inventory of capital assets was not taken at year-end.

Effect:

The absence of a sound system of internal controls over capital assets may result in inaccurate reporting of capital assets within the financial statements and inadequate physical control of equipment items.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-002 - Controls over Property and Equipment (Repeat of Finding No. 17-003 and 16-003) (Continued)

An incomplete capital asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

Cause:

During the transition of combining the documents and records of the two offices, staff did not possess the expertise to properly combine the assets of the regional offices. New files of the Regional Office's asset list had not removed the items no longer in use.

Auditor's Recommendation

The Regional Office of Education No. 13 should adhere to the ROE Accounting Manual capital asset policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for the accurate reporting of capital asset balances.

The capital asset listing should be completed to include all details required by the ROE Accounting Manual and should be checked for accuracy and existence through an annual physical inventory by an individual independent of the accounting process. A reconciliation should be performed between the capital asset listing and the recorded capital outlay expenditures for the year. All reconciling items should be cleared in a timely manner.

Management's Response:

A new employee has taken over the responsibility to correct the assets of the Regional Office and the list is currently updated.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-003 - Controls over Payroll and Grant Compliance (Repeat of Finding 17-004 and 16-005)

Criteria/Specific Requirement:

Title 2 U.S. Code of Federal Regulations Part 200.430 (i), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires charges for salaries and benefits to be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. It also requires that records are used to support the distribution of employees' salary and benefits among specific activities if the employee only works part of the time on a federal award program. It further states that budget estimates alone do not qualify as support for salary and benefit charges to a federal award.

The Illinois State Board of Education (ISBE) *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*, requires that auditable time and effort reports should be written after the fact documentation of how the time was spent. Budget estimates can be used for charging purposes, but a confirmation process or reconciliation must take place at some point after the charges are incurred to record the true effort and not merely use an estimate. Time and effort reports should be prepared by any staff with salary charged (1) directly to a federal award, (2) directly to multiple federal awards, or (3) directly to any combination of a federal award or other federal, state or local funds. Additionally, all time and effort sheets and other supporting documentation must be retained at the local level and be available for review or audit any time within three years after termination of the project or until the local entity is notified in writing from ISBE that the records are no longer needed for review or audit.

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) was unable to provide adequate time and effort documentation used to distribute the salary and benefit costs.

During our review of the Regional Office of Education No. 13's payroll expenditures of 25 employees, we noted the following:

- Five employees (20%), who worked on multiple programs, completed a time and effort documentation but did not indicate the actual time worked on each program.
- Two employees (8%), who worked on multiple programs, did not have time and effort documentation on file.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-003 - Controls over Payroll and Grant Compliance (Repeat of Finding 17-004 and 16-005) (Continued)

Upon further review and discussion, these employees completed inadequate time sheets, thus salary and benefits costs reported were based on estimated time rather than actual time. Furthermore, there was no review of the amounts charged to federal awards based on budget estimates in order to make necessary adjustments ensuring that the final amounts charged to the federal awards are accurate, allowable, and properly allocated.

Effect:

Since current and after the fact time and effort documentation was not used to allocate the salary and benefit costs of employees who only work part of the time on a federal award program, there is an increased risk that the salary and benefit costs charged to multiple grant programs do not reflect the actual time worked on the programs and could result in the loss of federal and/or State funding support in these activities.

Cause:

The Regional Office agrees with this finding. New time and effort sheets were not created to match the reassignment and division of responsibilities of staff during the transition.

Auditor's Recommendation

The Regional Office of Education No. 13 should develop and implement written policies and procedures over payroll to ensure that proper controls are in place over the use and maintenance of adequate time and effort documentation as required by the Uniform Guidance and the ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*.

Management's Response:

New electronic forms have been created and are used to specifically calculate time and effort on each grant for staff with divided responsibilities.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-004 - Delay of Audit (Repeat of Finding 17-005 and 16-006)

Criteria/Specific Requirement:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

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

Additionally, effective June 25, 2021 Public Act 102-0025 allows a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

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

Condition:

The Regional Office of Education No. 13 did not provide completed financial statements in an auditable form within the required timeframe. An outside accounting firm was hired by the Regional Office of Education No. 13 to assist in the preparation of financial statements and related disclosures.

Effect:

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-004 - Delay of Audit (Repeat of Finding 17-005 and 16-006) (Continued)

Cause:

Financial Statements for the FY 18 Audit could not be made available by August 31, 2018 since the FY 17 audit had not been completed to provide account balance for the FY 18 year.

Auditor's Recommendation

The Regional Office of Education No. 13 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE financial statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

When audits are back to the appropriate timeline, then statements could be prepared in the required timeframe. Documents were provide to complete the 2018 audit when requested by the auditor in the fall of 2020.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-005 - Controls Over Compliance with Laws and Regulations

Criteria/Specific Requirement:

The Illinois School Code 105 ILCS 5/17-19 allows a Regional Superintendent to take out a line of credit in anticipation of revenues. However, the Regional Superintendent is only allowed to take out 85 percent of current year anticipated grant revenue or 50 percent of next fiscal year anticipated grant revenue, as certified by the State Superintendent. The Regional Superintendent shall authorize this line of credit by executive order or resolution. The executive order or resolution shall set forth facts demonstrating the need for the line of credit, the amount to be borrowed, the maximum interest rate allowed, and the date by which the funds will be repaid. Funds borrowed under this section are to be repaid within 60 days after the revenues have been received

Condition:

As of July 1, 2017, the Regional Office of Education No. 13 had outstanding borrowing of \$300,000 on a line of credit. An additional \$100,000 was drawn on the line of credit in FY 18.

The Regional Office established a line of credit with a resolution in FY17, but it did not contain all the requirements. The Regional Office could not produce documentation of certification by the State Superintendent regarding the anticipated revenue that was being borrowed upon.

The resolution to establish a line of credit authorized the Regional Superintendent to borrow monies at an interest rate not to exceed 2.4% per annum. The Regional Office's loan agreement was for 3.50% per annum.

Effect:

The Regional Office of Education No. 13 did not comply with statutory requirements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-005 - Controls Over Compliance with Laws and Regulations (Continued)

Cause:

Because the State of Illinois was behind in making payments to the Regional Office, it was necessary to establish a line of credit to borrow funds to continue to operate the office. Since funds were not paid in a timely manner, it was difficult to determine if repaying the line of credit in a timely manner would cause the need to turn around and borrow more funds and thus pay more bank fees, the regional superintendent did not use the funds to make repayments in a timely manner. Uncertainty with state funding impacted the interest rate that funds could be borrowed, since many banking institutions would not carry a line of credit for the Regional Office.

Auditors' Recommendation:

The Regional Office of Education No. 13 should comply with the requirements of 105 ILCS 5/17-19, as able, when borrowing against anticipated revenues. The Regional Office should comply with the resolution authorizing the line of credit.

Management's Response:

The regional superintendent now understands the specific criteria of the statutory requirements for operating a line of credit and will follow the proper procedures.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings (Continued)

Finding No. 2018-006 – Controls over Cash Receipts

Criteria/Specific Requirement:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (ROE No. 13) is responsible for establishing and maintaining an accurate system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of cash receipts and deposits. Deposit authorization forms and cash deposits should be performed timely, and evidence of review should be documented.

Condition:

The Regional Office of Education No. 13 did not always prepare receipts in a timely manner. There is no documentation of when checks are received, and auditors were not able to determine if cash was deposited in a timely manner. During our review of 40 cash receipts, we noted ten (25%) deposit authorization forms were prepared more than 7 days after the dates on the cash receipts.

Effect:

The Regional Office of Education No. 13's management, or its employees, in the normal course of performing their assigned functions, may not prevent or detect misstatements of cash in a timely manner.

Cause:

The Regional Office of Education #13 receives mail in two locations. There are some times that mail from one office is not taken to the bookkeeping office for at least a week. It depends on the schedule of the assistant and regional superintendent of schools. Also, many checks are written several days or weeks prior to the office receiving the check in the mail.

Auditor's Recommendation:

The Regional Office of Education No. 13 should document when all cash receipts are received, prepare and review the deposit authorization form timely, and compare it to the deposit slip and deposit cash receipts in a timely manner. The review should be indicated in writing, including the individual performing the review and the date.

Management's Response:

The date in which a check is written (dated) is out of the control of the Regional Office of Education #13. Moving forward, payments received will be stamped the day they arrive at the bookkeeping office.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding No. 2018-001 - Controls over Bank Reconciliations (Repeat of Finding No. 17-002 and 16-002)

Condition:

The Regional Office of Education No. 13 did not have adequate controls over the preparation and review of bank reconciliations. During our review of the Regional Office of Education No. 13's monthly bank reconciliations for its two (2) bank accounts, we noted bank reconciliations were not prepared or reviewed in a timely manner. Specifically, we noted the following:

- One (4%) monthly reconciliation was prepared 40 days after month end.
- For 10 (42%) monthly reconciliations, we were unable to determine if the reconciliations were timely reviewed as the Regional Office of Education No.13 did not document the date the review was done.
- For Six (25%) monthly reconciliations, the previous and ending cash balances differed but were still approved and initialed.
- For 12 (50%) monthly reconciliations, the bank reconciliation balance and balance sheet balance differed but were still approved and initialed.

Plan:

The Regional Superintendent has assigned a different staff member to complete the monthly reconciliations in a timely manner and it will be checked monthly by the regional superintendent or assistant regional superintendent.

Anticipated Date of Completion:

July 2018

Contact Person:

Matt Renaud - Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding No. 2018-002 - Controls over Property and Equipment (Repeat of Finding No. 17-003 and 16-003)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not have adequate controls over its capital assets. During our physical observation and review of the Regional Office of Education No. 13's capital assets, we noted the following:

- 8 of 25 (32%) of the items tested remained on the capital asset listing when the asset was no longer in use. 3 of the 8 items were disposed of in the Carlyle location. 4 of the 8 items were no longer in use and were either being used as parts or ceased functionality. 1 of the 8 items was not in the location as designated on the fixed asset listing.
- A physical inventory of capital assets was not taken at year-end.

Plan:

The ROE 13 capital assets and inventories are being reviewed by staff and an accurate list was completed by May 30, 2020.

Anticipated Date of Completion:

June 1, 2020

Contact Person:

Matt Renaud - Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding No. 2018-003 - Controls over Payroll and Grant Compliance (Repeat of Finding 17-004 and 16-005)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) was unable to provide adequate time and effort documentation used to distribute the salary and benefit costs.

During our review of the Regional Office of Education No. 13's payroll expenditures of 25 employees, we noted the following:

- Five employees (20%), who worked on multiple programs, completed a time and effort documentation but did not indicate the actual time worked on each program.
- Two employees (8%), who worked on multiple programs, did not have time and effort documentation on file.

Plan:

New electronic time and effort forms were created in the spring of 2018. Staff currently complete the forms, which are then reviewed quarterly by the Regional Superintendent.

Anticipated Date of Completion:

July 2018

Contact Person:

Matt Renaud - Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Finding No. 2018-004 - Delay of Audit (Repeat of Finding 17-005 and 16-006)

Condition:

The Regional Office of Education No. 13 did not provide completed financial statements in an auditable form within the required timeframe. An outside accounting firm was hired by the Regional Office of Education No. 13 to assist in the preparation of financial statements and related disclosures.

Plan:

An outside accounting firm was hired to prepare ROE 13 financial statements according to the required timeframe.

Anticipated Date of Completion:

Immediate. When audits are back to the appropriate timeline, then statements can be prepared in the required timeframe. Documents were provided to complete the 2018 audit when requested by the current audit firm.

Contact Person:

Matt Renaud - Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding No. 2018-005 - Controls Over Compliance with Laws and Regulations

Condition:

As of July 1, 2017, the Regional Office of Education No. 13 had outstanding borrowing of \$300,000 on a line of credit. An additional \$100,000 was drawn on the line of credit in FY 18.

The Regional Office established a line of credit with a resolution in FY17, but it did not contain all the requirements. The Regional Office could not produce documentation of certification by the State Superintendent regarding the anticipated revenue that was being borrowed upon.

The resolution to establish a line of credit authorized the Regional Superintendent to borrow monies at an interest rate not to exceed 2.4% per annum. The Regional Office's loan agreement was for 3.50% per annum.

Plan:

Since the state is paying vouchers in a timely manner, the regional office does not have a line of credit at this time. The Regional Superintendent is now aware of all the specific criteria of the statutory requirements when operating a line of credit.

Anticipated Date of Completion:

July 1, 2018

Contact Person:

Matt Renaud - Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding No. 2018-006 – Controls over Cash Receipts

Condition:

The Regional Office of Education No. 13 did not always prepare receipts in a timely manner. There is no documentation of when checks are received, and auditors were not able to determine if cash was deposited in a timely manner. During our review of 40 cash receipts, we noted ten (25%) deposit authorization forms were prepared more than 7 days after the cash receipts.

Plan:

Since the regional office does not control when a check has been dated and then received by the regional office, payments will be stamped the day they arrive at the bookkeeping office.

Anticipated Date of Completion:

July 1, 2020

Contact Person:

Matt Renaud - Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2017-001	Controls Over Financial Statement Preparation The Regional Office of Education has contracted an outside CPA firm to prepare its annual financial statements. The CPA firm has adequate controls for statutorily required preparation of the financial statements.	Not repeated

BASIC FINANCIAL STATEMENTS

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF NET POSITION
June 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 402,706	\$ 155,768	\$ 558,474
Accounts receivable	105	670	775
Due from other governments	778,260	-	778,260
Due from agency fund	33,085	-	33,085
Internal balances	(159,670)	159,670	-
Total current assets	<u>1,054,486</u>	<u>316,108</u>	<u>1,370,594</u>
Noncurrent assets:			
Capital assets, net	537,733	-	537,733
Total assets	<u>1,592,219</u>	<u>316,108</u>	<u>1,908,327</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,335,869	48,203	2,384,072
Deferred outflows related to OPEB	13,979	-	13,979
Total deferred outflows of resources	<u>2,349,848</u>	<u>48,203</u>	<u>2,398,051</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,848	1,222	8,070
Salaries and benefits payable	224,955	-	224,955
Due to other governments	31,186	-	31,186
Unearned revenue	92,395	-	92,395
Current portion of long-term debt	27,148	-	27,148
Total current liabilities	<u>382,532</u>	<u>1,222</u>	<u>383,754</u>
Noncurrent liabilities:			
Net pension liability	1,235,845	6,059	1,241,904
OPEB liability	1,939,235	-	1,939,235
Long-term debt, net	196,485	-	196,485
Total noncurrent liabilities	<u>3,371,565</u>	<u>6,059</u>	<u>3,377,624</u>
Total liabilities	<u>3,754,097</u>	<u>7,281</u>	<u>3,761,378</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,129,618	51,705	2,181,323
Deferred inflows related to OPEB	224,164	-	224,164
Total deferred inflows of resources	<u>2,353,782</u>	<u>51,705</u>	<u>2,405,487</u>
NET POSITION			
Net investment in capital assets	314,100	-	314,100
Restricted - other	306,079	-	306,079
Unrestricted	(2,785,991)	305,325	(2,480,666)
Total net position	<u>\$ (2,165,812)</u>	<u>\$ 305,325</u>	<u>\$ (1,860,487)</u>

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2018**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 3,925,840	\$ -	\$ 3,550,023	\$ (375,817)	\$ -	\$ (375,817)
Purchased services	750,824	-	642,213	(108,611)	-	(108,611)
Supplies and materials	165,065	-	152,588	(12,477)	-	(12,477)
Capital outlay	5,781	-	5,756	(25)	-	(25)
Other objects	1,000	-	-	(1,000)	-	(1,000)
Depreciation	32,082	-	-	(32,082)	-	(32,082)
Pension expense	329,450	-	212,895	(116,555)	-	(116,555)
OPEB expense	145,734	-	-	(145,734)	-	(145,734)
Intergovernmental:						
Payments to other governmental units	40,354	-	40,260	(94)	-	(94)
Debt service:						
Interest on long-term debt	20,084	-	-	(20,084)	-	(20,084)
Administrative:						
On-behalf payments - local	74,397	-	-	(74,397)	-	(74,397)
On-behalf payments - state	1,429,643	-	-	(1,429,643)	-	(1,429,643)
Total governmental activities	<u>6,920,254</u>	<u>-</u>	<u>4,603,735</u>	<u>(2,316,519)</u>	<u>-</u>	<u>(2,316,519)</u>
Business-type activities						
Fees for services	<u>142,346</u>	<u>107,475</u>	<u>-</u>	<u>-</u>	<u>(34,871)</u>	<u>(34,871)</u>
Total primary government	<u>\$ 7,062,600</u>	<u>\$ 107,475</u>	<u>\$ 4,603,735</u>	<u>(2,316,519)</u>	<u>(34,871)</u>	<u>(2,351,390)</u>
General revenues:						
Local sources				739,365	-	739,365
On-behalf payments - local				74,397	-	74,397
On-behalf payments - state				1,429,643	-	1,429,643
Interest				1,100	669	1,769
Total general revenues				<u>2,244,505</u>	<u>669</u>	<u>2,245,174</u>
Change in net position				(72,014)	(34,202)	(106,216)
Net position - beginning, restated, see note 17				<u>(2,093,798)</u>	<u>339,527</u>	<u>(1,754,271)</u>
Net position - ending				<u>\$ (2,165,812)</u>	<u>\$ 305,325</u>	<u>\$ (1,860,487)</u>

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4	\$ 151,451	\$ 229,600	\$ 21,651	\$ 402,706
Accounts receivable	-	-	-	105	105
Due from other funds	497,530	-	-	-	497,530
Due from other governments	136,886	639,683	-	610	777,179
	<u>136,886</u>	<u>639,683</u>	<u>-</u>	<u>610</u>	<u>777,179</u>
Total assets	<u>\$ 634,420</u>	<u>\$ 791,134</u>	<u>\$ 229,600</u>	<u>\$ 22,366</u>	<u>\$ 1,677,520</u>
LIABILITIES					
Accounts payable	\$ 465	\$ 6,303	\$ -	\$ -	\$ 6,768
Salaries and benefits payable	40,578	184,142	-	-	224,720
Due to other funds	81,792	447,873	-	-	529,665
Due to other governments	24,878	6,308	-	-	31,186
Unearned revenue	-	92,395	-	-	92,395
	<u>-</u>	<u>92,395</u>	<u>-</u>	<u>-</u>	<u>92,395</u>
Total liabilities	<u>147,713</u>	<u>737,021</u>	<u>-</u>	<u>-</u>	<u>884,734</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	192,802	-	-	192,802
	<u>-</u>	<u>192,802</u>	<u>-</u>	<u>-</u>	<u>192,802</u>
FUND BALANCES (DEFICITS)					
Restricted	-	46,104	229,600	22,366	298,070
Assigned	486,707	-	-	-	486,707
Unassigned	-	(184,793)	-	-	(184,793)
	<u>-</u>	<u>(184,793)</u>	<u>-</u>	<u>-</u>	<u>(184,793)</u>
Total fund balances (deficits)	<u>486,707</u>	<u>(138,689)</u>	<u>229,600</u>	<u>22,366</u>	<u>599,984</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 634,420</u>	<u>\$ 791,134</u>	<u>\$ 229,600</u>	<u>\$ 22,366</u>	<u>\$ 1,677,520</u>

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS**

June 30, 2018

Total fund balances-governmental funds		\$ 599,984
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital assets, net	\$ 537,733	
Less internal service fund net assets included in internal service fund net position below	<u>(532,793)</u>	4,940
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
		192,802
<p>Pension 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 of resources related to pension	\$ 2,335,869	
Deferred inflows of resources related to pension	(2,129,618)	
Deferred outflows of resources related to OPEB	13,979	
Deferred inflows of resources related to OPEB	<u>(224,164)</u>	(3,934)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability	\$ (1,235,845)	
OPEB liability	<u>(1,939,235)</u>	(3,175,080)
<p>Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.</p>		
Internal service fund net position is:		<u>215,476</u>
Net position of governmental activities		<u><u>\$ (2,165,812)</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2018**

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 562,183	\$ 13,850	\$ 62,712	\$ 13,920	\$ 652,665
State sources	516,443	4,212,388	-	1,547	4,730,378
Federal sources	-	168,483	-	-	168,483
On-behalf payments - local	74,397	-	-	-	74,397
On-behalf payments - state	291,410	-	-	-	291,410
Interest	752	76	256	16	1,100
	<u>1,445,185</u>	<u>4,394,797</u>	<u>62,968</u>	<u>15,483</u>	<u>5,918,433</u>
Total revenues					
Expenditures:					
Instructional services:					
Salaries and benefits	814,874	3,096,784	-	7,433	3,919,091
Purchased services	166,974	557,848	5,894	2,500	733,216
Supplies and materials	18,778	138,790	4	20	157,592
Other objects	1,000	-	-	-	1,000
Pension expense	72,851	174,734	-	649	248,234
OPEB expense	20,256	28,258	-	-	48,514
On-behalf payments - local	74,397	-	-	-	74,397
On-behalf payments - state	291,410	-	-	-	291,410
Intergovernmental:					
Payments to other governments	-	40,354	-	-	40,354
Capital outlay	890	5,756	-	-	6,646
Debt Service					
Interest	6,532	-	-	-	6,532
	<u>1,467,962</u>	<u>4,042,524</u>	<u>5,898</u>	<u>10,602</u>	<u>5,526,986</u>
Total expenditures					
Net change in fund balances	(22,777)	352,273	57,070	4,881	391,447
Fund balances (deficits), beginning of year, restated, see note 17	<u>509,484</u>	<u>(490,962)</u>	<u>172,530</u>	<u>17,485</u>	<u>208,537</u>
Fund balances (deficits), end of year	<u>\$ 486,707</u>	<u>\$ (138,689)</u>	<u>\$ 229,600</u>	<u>\$ 22,366</u>	<u>\$ 599,984</u>

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-
GOVERNMENTAL FUNDS**

For the year ended June 30, 2018

Net change in fund balances		\$ 391,447
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.</p>		
Current year unavailable revenue	\$ 192,802	
Prior year unavailable revenue	<u>(487,928)</u>	(295,126)
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension contributions	\$ 248,234	
Pension expense	(329,450)	
OPEB contributions	48,514	
OPEB expense	<u>(145,734)</u>	(178,436)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capitalized assets	\$ 865	
Depreciation expense	(32,082)	
Add back depreciation from internal service funds	<u>21,899</u>	(9,318)
<p>Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.</p>		
		<u>19,419</u>
Change in net position of governmental activities		<u><u>\$ (72,014)</u></u>

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

	Business-Type Activities				Total	Governmental Activities
	Enterprise Funds					Internal Service Funds
	Workshops	Mt. Vernon Conference	Technology/ Testing Cooperative	Film Cooperative		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 43,670	\$ -	\$ 101,530	\$ 10,568	\$ 155,768	\$ -
Accounts receivable	-	-	670	-	670	-
Due from other funds	168,953	-	-	-	168,953	-
Due from other governments	-	-	-	-	-	1,081
Total current assets	212,623	-	102,200	10,568	325,391	1,081
Noncurrent assets:						
Capital assets, net	-	-	-	-	-	532,793
Total assets	212,623	-	102,200	10,568	325,391	533,874
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	12,661	1,465	34,077	-	48,203	-
LIABILITIES						
Current liabilities:						
Salaries and benefits payable	-	-	-	-	-	235
Accounts payable	113	-	1,109	-	1,222	80
Due to other funds	-	9,283	-	-	9,283	94,450
Current portion of long-term debt	-	-	-	-	-	27,148
Total current liabilities	113	9,283	1,109	-	10,505	121,913
Noncurrent liabilities						
Net pension liability	5,070	485	504	-	6,059	-
Long-term debt, net of current portion	-	-	-	-	-	196,485
Total noncurrent liabilities	5,070	485	504	-	6,059	196,485
Total liabilities	5,183	9,768	1,613	-	16,564	318,398
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	12,193	1,451	38,061	-	51,705	-
NET POSITION						
Net investment in capital assets	-	-	-	-	-	309,160
Unrestricted	207,908	(9,754)	96,603	10,568	305,325	(93,684)
Total net position	\$ 207,908	\$ (9,754)	\$ 96,603	\$ 10,568	\$ 305,325	\$ 215,476

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITON
PROPRIETARY FUNDS
For the year ended June 30, 2018**

	Business-Type Activities				Total	Governmental Activities
	Enterprise Funds					Internal Service Funds
	Workshops	Mt. Vernon Conference	Technology/ Testing Cooperative	Film Cooperative		
Operating revenues:						
Charges for services	\$ 40,525	\$ 24,665	\$ 42,285	\$ -	\$ 107,475	\$ 86,700
Operating expenses:						
Salaries and benefits	33,421	6,806	53,328	-	93,555	6,749
Purchased services	23,111	10,498	6,751	-	40,360	17,608
Supplies and materials	369	516	268	-	1,153	7,473
Capital outlay	-	-	693	-	693	-
Pension expense	4,062	147	2,376	-	6,585	-
Depreciation	-	-	-	-	-	21,899
Total operating expenses	60,963	17,967	63,416	-	142,346	53,729
Operating income (loss)	(20,438)	6,698	(21,131)	-	(34,871)	32,971
Nonoperating revenues (expenses):						
Interest income	371	-	282	16	669	-
Interest expense	-	-	-	-	-	(13,552)
Total nonoperating revenues (expenses)	371	-	282	16	669	(13,552)
Change in net position	(20,067)	6,698	(20,849)	16	(34,202)	19,419
Net position, beginning of year	227,975	(16,452)	117,452	10,552	339,527	196,057
Net position, end of year	\$ 207,908	\$ (9,754)	\$ 96,603	\$ 10,568	\$ 305,325	\$ 215,476

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2018**

	Business-Type Activities Enterprise Funds					Governmental Activities
	Workshops	Mt. Vernon Conference	Technology/ Testing Cooperative	Film Cooperative	Total	Internal Service Funds
Cash flows from operating activities:						
Collection of fees	\$ 41,005	\$ 24,665	\$ 51,105	\$ -	\$ 116,775	\$ 85,619
Payments to suppliers and providers of goods and services	(30,923)	(11,014)	(8,558)	-	(50,495)	(25,834)
Payments to employees	(34,891)	(6,984)	(58,300)	-	(100,175)	(6,749)
Net cash provided (used) by operating activities	(24,809)	6,667	(15,753)	-	(33,895)	53,036
Cash flows from investing activities:						
Interest	371	-	282	16	669	-
Cash flows from noncapital financing activities:						
Inflows (outflows) due to interfund borrowings	68,108	(6,667)	117,001	-	178,442	(13,776)
Cash flows from capital and related financing activities:						
Principal paid on capital debt	-	-	-	-	-	(25,708)
Interest paid on capital debt	-	-	-	-	-	(13,552)
Net cash (used) by capital and related financing activities	-	-	-	-	-	(39,260)
Net increase in cash and cash equivalents	43,670	-	101,530	16	145,216	-
Cash and cash equivalents, beginning of year	-	-	-	10,552	10,552	-
Cash and cash equivalents, ending of year	\$ 43,670	\$ -	\$ 101,530	\$ 10,568	\$ 155,768	\$ -
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (20,438)	\$ 6,698	\$ (21,131)	\$ -	\$ (34,871)	\$ 32,971
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	-	-	-	-	21,899
Effects of changes in assets and liabilities:						
Accounts receivable	-	-	(670)	-	(670)	-
Due from other governments	480	-	9,490	-	9,970	(1,081)
Deferred outflows of resources	4,821	2,906	27,572	-	35,299	-
Accounts payable	(7,443)	-	(846)	-	(8,289)	(988)
Salaries and benefits payable	-	-	-	-	-	235
Net pension liability	(1,160)	(1,073)	(21,465)	-	(23,698)	-
Deferred inflows of resources	(1,069)	(1,864)	(8,703)	-	(11,636)	-
Net cash provided (used) by operating activities	\$ (24,809)	\$ 6,667	\$ (15,753)	\$ -	\$ (33,895)	\$ 53,036

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

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 8,828
Accounts receivable	31
Due from other governments	<u>59,502</u>
Total assets	<u><u>\$ 68,361</u></u>
LIABILITIES	
Salaries payable	\$ 26,417
Due to primary government	33,085
Due to other governments	<u>8,859</u>
Total liabilities	<u><u>\$ 68,361</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) was formed under the provisions of the State of Illinois, Illinois State Board of Education.

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 advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; 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 Regional Office of Education No. 13's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and, carrying out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed the 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, 2018, the Regional Office of Education No. 13 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 13. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education No. 13's reporting entity includes all related organizations for which they exercise oversight responsibility.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SCOPE OF THE REPORTING ENTITY (Continued)

The Regional Office of Education No. 13 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 13, 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 Regional Office of Education No. 13 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Hamilton-Jefferson Educational Services Cooperative, which began operations on November 23, 1992, has been determined to be a blended component unit of the Regional Office of Education No. 13 for financial reporting purposes after applying the criteria of oversight, scope of public services, and special financing relationships and is, therefore, blended in the accompanying financial statements. The cooperative was formed by an intergovernmental agreement between the Regional Office of Education No. 13 and all schools, both public and nonpublic, in Hamilton and Jefferson counties. The cooperative is governed by a board of 8 voting members who are district superintendents in the Region and the Regional Superintendent, who is a non-voting member.

The cooperative exists to provide quality programs and services to students through the school districts of Hamilton and Jefferson counties or the Regional Superintendent. The Regional Superintendent of the Regional Office of Education No. 13 serves as administrative agent. Separate financial statements are not issued for this blended component unit.

No other agencies have met the component unit criteria to be included in the Regional Office of Education No. 13's financial statements. In addition, the Regional Office of Education No. 13 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 13 being considered a component unit.

NEW ACCOUNTING PRONOUNCEMENTS

In 2018, the Regional Office of Education No. 13 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Regional Office of Education No. 13.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Regional Office of Education No. 13'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 Regional Office of Education No.13 has four business-type activities that rely on fees and charges for support.

The Regional Office of Education No. 13's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education No. 13 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 Regional Office of Education No. 13's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and proprietary 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 other funds on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources 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 and between business-type funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to the net position and changes in net position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., when both measurable and available. Available means collectible within the current period, typically 60 days, or soon enough thereafter to be used to pay liabilities of the current period. 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 Regional Office's availability period is reported as deferred inflows of resources in the fund statements and is reported as current revenue in the Statement of Activities.

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, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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 before any amounts will be paid to the Regional Office of Education No. 13; 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, Regional Office of Education No. 13 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is Regional Office of Education No.13's policy to first apply restricted funds to such programs, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

FUND ACCOUNTING

The Regional Office of Education No. 13 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 Regional Office of Education No. 13 uses governmental and proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 13 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as a fund balance.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental and proprietary 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 13 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 13 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 13 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 13. Included in this fund are:

Special Projects – This fund accounts for miscellaneous expenses and programs that benefit the school districts and/or regional office.

Alternative Education Project – This fund accounts for Alternative School General State Aid funding.

Safe School Tuition – This program accounts for tuition payments from local districts sending students to the Safe School in Centralia.

Safe School Projects – This program accounts for General State Aid and miscellaneous income and expenses relative to the Safe School in Centralia and Mt. Vernon.

Administrator's Academy - This program provides required training and continuing education of administrators.

Conference – This program provides for student events for Team Quest, spelling bee and writing talent search.

Office Operations – This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's offices by Clinton, Jefferson, Marion, and Washington counties.

Southern Thirty – This is an educational program for the Southern Thirty Adolescent Center.

School Improvement – This fund accounts for a cooperative program that administers school improvement activities.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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:

Title II – Teacher Quality Leadership Grant – To account for Title II Teacher Quality Leadership grant from the State which is for the purpose of implementing the purchase of the principal and/or teacher evaluation training.

Truants Alternative/Optional Education – This is a State-approved program leading to a high school diploma for students with truancy problems.

Early Childhood Block Grant - This program provides early assistance to children and parents to enhance the child’s physical, social, and cognitive skills, and assist those identified as being at risk of academic failure.

McKinney Education for Homeless Children – This program provides educational services for homeless students, tutoring, clothing, school activity fees, and transportation.

Regional Safe Schools – Safe schools are alternative programs for disruptive youths in grades 6-12. Students eligible for this program must have been suspended or expelled by a local school district.

ROE/ISC Operations -This fund accounts for the grant that provides the funding for the Regional Office of Education.

Special Education for Infants and Families with Disabilities – This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

Title I – School Improvement System of Support – This grant is set up to train local trainers in the area as well as statewide trainers.

Pilot Regional Safe School Cooperative – This program provides funding for a cooperative education program for students at our regional Safe School.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Principal Collegial Network – This Program provides funding for principal certification networking.

National and State School Breakfast and Lunch – This program is funded by federal and State grants to provide reimbursement of meals through the school breakfast and lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

Mt. Vernon Pre-K – This program serves children 3-5 (not age eligible for kindergarten) who are determined by a screening process to be at risk of academic failure. Focus is on the Illinois Early Learning Standards.

Area VI Technology – This revenue is received from local sources and used for expenses incurred for Area VI purposes.

Share Our Strength – This revenue is received from local sources and used for expenses incurred for No Kid Hungry purposes.

Institute – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Additionally, the Regional Office of Education No. 13 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds – All other special revenue funds not classified under Education or Institute Funds are grouped under this fund for financial statement presentation. Nonmajor special revenue funds include the following:

General Education Development – This fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

Bus Driver Training – This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS

Proprietary Funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 13 on a cost reimbursement basis are reported. The major proprietary funds are as follows:

Workshops – This program provides teacher workshops.

Mt. Vernon Conference – This fund accounts for the one-day statewide teacher’s conference that provides exhibit booths and presentations on various curriculum and interest areas for participants representing all areas and grade levels.

Technology/Testing Cooperative – This program is a local district cooperative that provides services for scoring and reporting of student achievement testing.

Film Cooperative – This program is a Marion County schools cooperative that purchases and loans film and video materials for instructional use.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities that provide goods and services to other funds on a cost-reimbursement basis. The internal service funds are as follows:

Building – The rent and maintenance on the buildings used by the Regional Office of Education No. 13 is accounted for in this fund.

Transportation Reimbursement – The use of vehicles for the Alternative Learning Center programs is accounted for in this fund.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education No. 13 in a custodial capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Rend Lake Regional Delivery System and Vocational Board – The Delivery System receives funds from the Illinois State Board of Education and forwards them to Rend Lake Regional Delivery System. The Vocational Board supports facilitation, administration, and coordination for the Carl D. Perkins Vocational and Applied Technology Grant and career and Technical Education Improvement Grant.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Continued)

Transforming School Climate to Build Successful Learners – To develop, enhance, or expand systems of support at Sandoval school district for, and technical assistance to, schools implementing an evidence-based multi-tiered behavioral framework for improving behavioral outcomes and learning conditions for all students.

GOVERNMENTAL FUND BALANCES

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, in either form or through legal restrictions. The Regional Office of Education No. 13 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a Governmental Fund’s net position that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements, contracts, or Illinois Statute: Truants Alternative/Optional Education, ROE/ISC Operations, Special Education for Infants and Families with Disabilities, Share Our Strength, Institute, 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 Regional Office of Education No. 13 has no committed fund balances.

Assigned Fund Balance – The portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts' fund balances are assigned: Safe School Tuition, Safe School Projects, Administrator’s Academy, Conference, Southern Thirty, and School Improvement.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts’ fund balances are unassigned: Special Projects, Alternative Education Project, Office Operations, Early Childhood Block Grant, McKinney Education for Homeless Children, Regional Safe Schools, Title I – School Improvement System of Support, Principal Collegial Network, National and State School Breakfast and Lunch, Mt. Vernon Pre-K, and Area VI Technology.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION

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

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings 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.

BUDGET INFORMATION

The Regional Office of Education No. 13 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education or other granting authority; however, none of the budgets have been legally adopted, nor are they required to do so. Certain programs within the Education Fund do not have separate budgets.

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Title II – Teacher Quality Leadership Grant, Truants Alternative/Optional Education, Early Childhood Block Grant, McKinney Education for Homeless Children, Regional Safe Schools, ROE/ISC Operations, Special Education for Infants and Families with Disabilities, Title I – School Improvement System of Support, and Pilot Regional Safe School.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education No. 13 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. Leasehold improvements are capitalized if the cost exceeds \$3,000 and the improvements are expenses of the ROE rather than the property owner. 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and building improvements	5-30
Vehicles	5
Office equipment and furniture	5-10
Computer equipment	3-7
Other equipment and leasehold improvements	5-15

COMPENSATED ABSENCES

Full-time employees earn up to 15 vacation days for a full year of service. Vacation days must be used by the end of the fiscal year and may not be carried over to the following year. Seasonal and part-time employees do not earn vacation days. No pay for unused vacation days will be received by an employee when they leave the Regional Office of Education No. 13 or at any time during their employment; therefore, no liability is accrued.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. TRS employees may accumulate 340 days and IMRF employees may accumulate 221 days as service credit towards retirement based on the current rules and regulations of TRS and IMRF. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

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.

REVENUE FROM FEDERAL AND STATE GRANTS

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for unused portion of the grant of the amount carried over to the following fiscal year project. Amounts due to the State or federal agency are carried over to the following year project and are recorded as liabilities.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension and OPEB plan investments.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 23, 2021, the date the financial statements were available to be issued. No additional subsequent events have been identified.

2. DEPOSITS AND INVESTMENTS

The Regional Office of Education No. 13 does not have a formal investment policy. The Regional Office of Education No. 13 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

BANK DEPOSITS

At June 30, 2018, the carrying amount of the Regional Office of Education No. 13’s governmental activities, business-type activities and agency funds deposits were \$402,706, \$155,768, and \$8,828, respectively. The bank balances totaled \$848,271 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution’s trust department in the Regional Office of Education No. 13’s name, and were, therefore, not exposed to custodial credit risk.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

2. DEPOSITS AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Clinton, Jefferson, Marion and Washington Counties Regional Office of Education No. 13's practices requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13.

INVESTMENTS

The Regional Office of Education No. 13's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2018, the Regional Office of Education No. 13 had investments with carrying and fair value of \$1,000 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2018, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

Unless specifically authorized by the 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 deposit cannot exceed 10% of any single financial institution's total deposits.

3. RISK MANAGEMENT

The Regional Office of Education No. 13 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 Regional Office of Education No. 13 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.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

4. OPERATING LEASE

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 has entered into several annual operating lease agreements for the Truants Alternative/Optional Education, Early Childhood Block Grant, Regional Safe School, and Special Education for Infants and Families with Disabilities programs to provide classroom space, office space, and utilities for grant programs. The Regional Office of Education No. 13 has also entered into an annual operating lease agreement for the Building Fund to provide office space. Rent expense for 2018 totaled \$61,140.

5. CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education No. 13 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases are capitalized when purchased for business-type activities. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 91,500	\$ -	\$ -	\$ 91,500
Capital assets being depreciated:				
Buildings and building improvements	860,514	-	-	860,514
Vehicles	47,746	-	-	47,746
Office equipment and furniture	43,523	-	-	43,523
Computer equipment	163,623	865	-	164,488
Other equipment and leasehold improvements	136,579	-	-	136,579
Total capital assets being depreciated	1,251,985	865	-	1,252,850
Less accumulated depreciation	774,535	32,082	-	806,617
Governmental activities capital assets, net	<u>\$ 568,950</u>	<u>\$ (31,217)</u>	<u>\$ -</u>	<u>\$ 537,733</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment and furniture	\$ 26,401	\$ -	\$ -	\$ 26,401
Computer equipment	37,149	-	-	37,149
Other equipment and leasehold improvements	19,960	-	-	19,960
Business-type activities total assets	83,510	-	-	83,510
Less accumulated depreciation	83,510	-	-	83,510
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

5. 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, 2018 of \$32,082 and \$0 was charged to governmental activities instructional services and business-type activities, respectively, on the government-wide Statement of activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education No. 13 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

BENEFITS PROVIDED

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 13. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 13 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 13, and the Regional Office of Education No. 13 recognized revenue and expenditures of \$994,961 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, 2018, were \$9,263, and are deferred because they were paid after the June 30, 2017 measurement date.

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS

When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 13, there is a statutory requirement for the Regional Office of Education No. 13 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, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$163,415 were paid from federal and special trust funds that required employer contributions of \$24,595. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

EMPLOYER RETIREMENT COST CONTRIBUTIONS

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 13 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education No. 13 paid no employer contributions under the ERO program.

The Regional Office of Education No. 13 is also 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, 2018, the Regional Office of Education No. 13 paid no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, the Regional Office of Education No. 13 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 1,219,499
State's proportionate share of the net pension liability associated with the employer	<u>10,109,826</u>
	<u><u>\$ 11,329,325</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education No. 13's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the employer's proportion was 0.0015962422 percent, which is a decrease of 0.0000030751 percent from its proportion measured as of June 30, 2016.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

For the year ended June 30, 2018, the Regional Office of Education No. 13 recognized pension expense of \$994,961 and revenue of \$994,961 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education No. 13 recognized pension expense of \$179,920. At June 30, 2018, the Regional Office of Education No. 13 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 13,245	\$ 563
Changes of assumptions	81,393	35,043
Net difference between projected and actual earnings on pension plan investments	837	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>740,064</u>	<u>453,989</u>
Total Deferred amounts to be recognized in pension expense in future periods	<u>835,539</u>	<u>489,595</u>
Employer contributions made subsequent to the measurement date	<u>33,858</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 869,397</u></u>	<u><u>\$ 489,595</u></u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

\$33,858 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2019	\$ 80,488
2020	149,375
2021	108,542
2022	8,570
2023	<u>(1,031)</u>
Total	<u>\$ 345,944</u>

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully generational basis using projection table MP-2014. The same assumptions were used in the June 31, 2016, actuarial valuation.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge fund (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	<u>100%</u>	

DISCOUNT RATE

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which is a change from the June 30, 2016 rate of 6.83 percent. 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, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, 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.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

6. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

DISCOUNT RATE (Continued)

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION NO. 13'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education No. 13's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Regional Office of Education No. 13'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% Lower 6.00%	Current Discount 7.00%	1% Higher 8.00%
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the net pension liability	<u>\$ 1,498,314</u>	<u>\$ 1,219,499</u>	<u>\$ 991,127</u>

TRS FIDUCIARY NET POSITION

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

7. DEFINED BENEFIT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Regional Office of Education No. 13's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 13's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual 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.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

7. DEFINED BENEFIT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

BENEFITS PROVIDED

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

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

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, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	61
Inactive plan members entitled to but not yet receiving benefits	69
Active plan members	<u>62</u>
Total	<u><u>192</u></u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

7. DEFINED BENEFIT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

CONTRIBUTIONS

As set by statute, the Regional Office of Education No. 13's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 13's annual contribution rate for calendar year 2017 was 11.07%. For the fiscal year ended June 30, 2018, the Regional Office of Education No. 13 contributed \$220,997 to the plan. The Regional Office of Education No. 13 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

The Regional Office of Education No. 13's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability 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, 2017:

- 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 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **non-disabled retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

7. DEFINED BENEFIT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

- 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, 2017:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37%	6.85%
International equity	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternatives	7%	
Private equity		7.35%
Hedge funds		5.05%
Commodities		2.65%
Cash equivalents	<u>1%</u>	2.25%
Total	<u><u>100%</u></u>	

SINGLE DISCOUNT RATE

A Single Discount Rate of 7.50% 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. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

7. DEFINED BENEFIT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2016	\$ 7,509,811	\$ 6,690,067	\$ 819,744
Changes for the year:			
Service Cost	197,890	-	197,890
Interest on the total pension liability	558,955	-	558,955
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	66,796	-	66,796
Changes in assumptions	(234,074)	-	(234,074)
Contributions - employer	-	218,888	(218,888)
Contributions - employees	-	98,189	(98,189)
Net investment income	-	1,070,249	(1,070,249)
Benefit payments, including refunds of employee contributions	(312,057)	(312,057)	-
Other (net transfer)	-	(420)	420
Net changes	<u>277,510</u>	<u>1,074,849</u>	<u>(797,339)</u>
Balances at December 31, 2017	<u>\$ 7,787,321</u>	<u>\$ 7,764,916</u>	<u>\$ 22,405</u>

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>
Net Pension Liability/(Asset)	<u>\$ 1,001,874</u>	<u>\$ 22,405</u>	<u>\$ (768,868)</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

7. DEFINED BENEFIT PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2018, the Regional Office of Education No. 13 recognized pension expense of \$156,115. At June 30, 2018, the Regional Office of Education No. 13 reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 1,132,228	\$ 1,516,906
Changes of assumptions	40,119	174,822
Net difference between projected and actual earnings on pension plan investments	<u>227,873</u>	<u>-</u>
Total Deferred amounts to be recognized in pension expense in future periods	<u>1,400,220</u>	<u>1,691,728</u>
Pension contributions made subsequent to the measurement date	<u>114,455</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 1,514,675</u></u>	<u><u>\$ 1,691,728</u></u>

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

\$114,455 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, 2019.

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:

<u>Year Ending December 31,:</u>	<u>Net Deferred Inflows of Resources</u>
2018	(5,790)
2019	(27,571)
2020	(143,514)
2021	(114,633)
Thereafter	<u>-</u>
Total	<u><u>\$ (291,508)</u></u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

8. TEACHERS HEALTH INSURANCE SECURITY FUND

THIS PLAN DESCRIPTION

The Regional Office of Education No. 13 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

BENEFITS PROVIDED

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the 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 Regional Office of Education No. 13. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 13 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 13, and recognized revenue and expenditures of \$143,272 in OPEB contributions from the State of Illinois.

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Regional Office of Education No. 13 also makes contributions to THIS Fund. The Regional Office of Education No. 13 THIS Fund contribution was 0.88 percent during the year end June 30, 2018 and 0.84 and 0.80 percent during the years ended June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 13 paid \$13,979 to the THIS Fund, which was 100 percent of the required contribution. For years ended June 30, 2017 and June 30, 2016, the Regional Office of Education No. 13 paid \$11,449 and \$11,349 to the THIS Fund, respectively, which was 100 percent of the required contribution.

FURTHER INFORMATION ON 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."

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

8. TEACHERS HEALTH INSURANCE SECURITY FUND (Continued)

ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuations as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges 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.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

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 described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

8. TEACHERS HEALTH INSURANCE SECURITY FUND (Continued)

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education No. 13'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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease -2.56%	Current Discount Rate (3.56%)	1% Increase -4.56%
Employer's proportionate share of the collective net OPEB liability	<u>\$ 1,845,006</u>	<u>\$ 1,537,490</u>	<u>\$ 1,291,468</u>

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATES

The following table shows the Regional Office of Education No. 13's collective net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease*	Healthcare Cost Trend Rates	1% Increase**
Employer's proportionate share of the collective net OPEB liability	<u>\$ 1,240,930</u>	<u>\$ 1,537,490</u>	<u>\$ 1,963,206</u>

* One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

** One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

8. TEACHERS HEALTH INSURANCE SECURITY FUND (Continued)

OPEB LIABILITIES, OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2018, the Regional Office of Education No. 13 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 13. The amount recognized by the Regional Office of Education No. 13 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education No. 13 were as follows:

Employer's proportionate share of the collective net OPEB liability	\$ 1,537,490
State's proportionate share of the collective net OPEB liability associated with	2,019,067
the employer Total	\$ 3,556,557

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 but was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 13's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 13's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 13, actuarially determined. At June 30, 2017, the Regional Office of Education's No. 13 proportion was 0.005925 percent, which was a decrease of 0.00166 from its proportion measured as of June 30, 2016 (0.006091 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Regional Office of Education No. 13 recognized OPEB expense of \$143,272, and revenue of \$143,272 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education No. 13 recognized OPEB expense of \$108,105. At June 30, 2018, the Regional Office of Education No. 13 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	\$ -	\$ 871
Changes of assumptions	-	183,059
Net difference between projected and actual earnings on earnings on OPEB plan investments	-	17
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	40,217
Employer contributions subsequent to the measurement date	13,979	-
Total Deferred Amounts Related to OPEB	\$ 13,979	\$ 224,164

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

8. TEACHERS HEALTH INSURANCE SECURITY FUND (Continued)

OPEB LIABILITIES, OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

\$13,979 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 13 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 13's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2019	\$ 34,435
2020	34,435
2021	34,435
2022	34,435
2023	34,431
Thereafter	51,993
Total	\$ 224,164

THIS FIDUCIARY NET POSITION

Detailed information about the THIS Fund fiduciary net position as of June 30, 2017, is available in the separately issued THIS Financial Report.

9. HEALTH INSURANCE

PLAN DESCRIPTION

The Regional Office of Education No. 13 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

ELIGIBILITY PROVISIONS

Full-Time Employees – IMRF

Tier I IMRF Full-Time employees

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

Tier II IMRF Full-Time employees

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

Full-Time Employees – TRS

Tier I TRS Full-Time employees

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

Tier II TRS Full-Time employees

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

MEDICAL COVERAGE

Types of Coverage

- Plan A – PPO
- Plan B – PPO
- Plan C – PPO
- HDHP
- Plan E1 - PPO

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

COVERAGE PROVISIONS

Full-Time Employees – IMRF

Pre-65 Coverage:

IMRF employees may continue ROE health insurance in retirement, however they are responsible for paying the full cost of the medical premium.

Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage.

Post-65 Coverage:

IMRF employees may continue ROE health insurance in retirement past Medicare eligibility, however they are responsible for paying the full cost of the medical premium.

Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage.

Retirees- TRS

Pre-65/Post-65 Coverage:

TRS employees are not permitted to remain on ROE insurance in retirement and must seek outside coverage such as that offered through the THIS (Teacher Health Insurance Security) Fund.

Once retired, ROE does not pay for any portion of the premium in retirement nor provide a reimbursement/stipend for insurance costs.

Coverage is secondary to Medicare.

DENTAL AND VISION COVERAGE

Types of Coverage:

Dental
Vision
Life Insurance

COVERAGE PROVISION

Dental, Vision, and Life Insurance is not available to Retirees.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

BENEFITS PROVIDED

The Regional Office of Education No. 13 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 13 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 13 offers the health insurance plan to full-time IMRF employees. Retirees pay the full cost of coverage. Eligible spouse or dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse or dependent is responsible for the full cost of the coverage.

MEMBERSHIP

At June 30, 2018 membership consisted of:

Inactive employees currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>92</u>
Total	<u><u>94</u></u>

FUNDING POLICY AND CONTRIBUTIONS

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

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.

Contributions of \$34,535 from Other ROE resources and benefit payments of \$34,535 from other ROE resources are contributions made to and benefits made from the OPEB plan that were not directly made to or from the OPEB Trust.

NET OPEB LIABILITY

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2018 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

ACTUARIAL ASSUMPTIONS

Discount rate used for the total OPEB liability	3.87%
Long-term expected rate of return on plan assets	N/A. OPEB obligation is unfunded.
High quality 20 year tax-exempt G.O. Bond rates	3.87%
Salary increases	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
Annual blended premium	See Table Below
Healthcare trend rate	Initial trend rate is based on the 2019 Segal Health. Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 9.03% for PPO and 8.97% for HDHP for both non-Medicare and Post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retiree contribution rates	Same as Healthcare Trend Rates.

	Annual Blended Premiums			
	Under Age 65		Age 65 - & Over	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
Plan A	\$10,184	\$10,858	\$10,184	\$10,858
Plan B	\$9,246	\$9,766	\$9,246	\$9,766
Plan C	\$7,952	\$8,520	\$7,952	\$8,520
Plan HDHP	\$6,788	\$7,144	\$6,788	\$7,144
Plan E1	\$8,544	\$9,068	\$8,544	\$9,068

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation 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 are eight participants impacted by this assumption.

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 THE NET OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balances at July 1, 2017	\$ 398,651
Changes for the year:	
Service Cost	33,870
Interest	13,658
Actuarial experience	-
Assumption changes	(9,899)
Plan changes	-
Contributions - employer	-
Contributions - employees	-
Contributions - other	-
Net investment income	-
Benefit payments	(34,535)
Administrative expense	-
Net changes	<u>3,094</u>
Balances at June 30, 2018	<u><u>\$ 401,745</u></u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

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 investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, then only the municipal bond rate is used in determining the total OPEB liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net OPEB liability associated with those payments.

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

MUNICIPAL BOND RATE

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 28, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

SENSITIVITY OF THE DISCOUNT RATE

The following presents the Regional Office of Education No. 13's total OPEB liability calculated using a discount rate of 3.87%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Employer's Total OPEB liability	\$ 438,464	\$ 401,745	\$ 370,923

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

9. HEALTH INSURANCE (Continued)

SENSITIVITY OF THE HEALTHCARE TREND RATES

The following presents the Regional Office of Education No. 13's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 9.03% for PPO and 8.97% for HDHP in 2018 for both non-Medicare and Post-Medicare costs decreasing to an ultimate trend rate of 5.00% in 2027 for both PPO and HDHP non-Medicare and Post-Medicare coverage.

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Employer's Net OPEB Liability	<u>\$ 364,047</u>	<u>\$ 401,745</u>	<u>\$ 446,141</u>

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ending June 30, 2018, the Regional Office of Education No. 13 recognized OPEB expense of \$37,629. At June 30, 2018 the Regional Office of Education No. 13 reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

10. LINE OF CREDIT

On November 14, 2016, the Regional Office of Education No. 13 established an unsecured \$300,000 line of credit at Farmers State Bank in order to cover payroll and other operating expenses prior to receiving funds for various programs. The line of credit bears a rate of interest of 7.75%. The line of credit was reduced to \$0 and an additional unsecured \$100,000 line of credit was established at Farmers State Bank on November 14, 2017 to cover payroll and other operating expenses. The credit agreement expired and the principal amount was due May 1, 2018. Activity on the line of credit was as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>June 30, 2017</u>	<u>Advances</u>	<u>Payments</u>
	<u>June 30, 2018</u>		<u>June 30, 2018</u>
Line of credit	<u>\$ 300,000</u>	<u>\$ 100,000</u>	<u>\$ 400,000</u>
			<u>\$ -</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

11. LONG-TERM DEBT

The Regional Office of Education No.13 had the following loan at June 30, 2018:

Governmental activities:

Loan from Community First Bank of the Heartland dated July 7, 2014 in the amount of \$321,893 to finance the administrative building and the Alternative School building loan. It is a payable in monthly installments of \$3,273 with a maturity date of August 7, 2025. The loan includes interest of 5.625% and is secured by the related real estate.

\$ 223,633

Debt service requirements to maturity for governmental activities are as follows:

Year ended June 30,	Principal	Interest	Total
2019	\$ 27,148	\$ 12,133	\$ 39,281
2020	28,763	10,518	39,281
2021	30,424	8,857	39,281
2022	32,234	7,047	39,281
2023	34,354	4,927	39,281
2024-2026	<u>70,710</u>	<u>4,850</u>	<u>75,560</u>
	<u><u>\$ 223,633</u></u>	<u><u>\$ 48,332</u></u>	<u><u>\$ 271,965</u></u>

12. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Notes payable	\$ 249,341	\$ -	\$ 25,708	\$ 223,633	\$ 27,148
Net pension liability - IMRF	819,744	-	797,339	22,405	-
Net pension liability - TRS	1,262,438	-	42,939	1,219,499	-
Net OPEB liability - THIS*	1,664,998	-	127,508	1,537,490	-
Total OPEB liability - Health Insurance*	<u>398,651</u>	<u>3,094</u>	<u>-</u>	<u>401,745</u>	<u>-</u>
Governmental activities, long term liabilities	<u><u>\$ 4,395,172</u></u>	<u><u>\$ 3,094</u></u>	<u><u>\$ 993,494</u></u>	<u><u>\$ 3,404,772</u></u>	<u><u>\$ 27,148</u></u>

*Restate beginning balance

Payments on the OPEB liabilities are made by the governmental funds.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

13. INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2018 consist of the following individual due to/from other funds in the governmental fund Balance Sheet, proprietary fund Statement of Net Position, and fiduciary fund Statement of Net Position. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The balances between governmental and business-type activities and the balances between business-type activities and agency funds were not eliminated in the government-wide Statement of Net Position.

Fund	Due from Other Funds	Due to Other Funds
General Fund		
Office Operations	\$ -	\$ 42,613
Special Projects	6,532	21,911
Alternative Education Project	-	5,069
Safe School Tuition	205,274	-
Safe School Projects	12,362	-
Administrators' Academy	30,931	-
Conference	9,859	-
Southern Thirty	232,572	-
School Improvement	-	12,199
Education Fund		
National and State School Breakfast and Lunch	-	7,864
Truants Alternative/Optional Education	-	17,288
Title II - Teacher Quality Leadership Grant	-	-
Early Childhood Block Grant	-	89,230
McKinney Education for Homeless Children	-	14,938
Regional Safe Schools	-	8,417
Title I - School Improvement System of Support	-	14,473
Special Education for Infants and Families with Disabilities	-	202,219
Area VI Technology	-	856
Principal Collegial Network	-	35
Mt. Vernon Pre-K	-	92,553
Proprietary Fund		
Workshops	168,953	-
Mt. Vernon Conference	-	9,283
Fiduciary Fund		
Transforming School Climate to Build Successful Learners	-	33,085
Internal Service Fund		
Transportation Reimbursement	-	73,653
Building	-	20,797
Total	\$ 666,483	\$ 666,483

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

14. DEFICIT FUND BALANCES

The following nonmajor governmental funds has a deficit fund balance as of June 30, 2018:

The deficit fund balances are due mostly to grants being over expended and/or due to timing of recognition of revenue. It is expected that these deficits will continue into the future, however, some of the deficit will be reduced as funds become available.

General Fund:	
Special Projects	\$ 15,098
Alternative Education Project	30,015
Office Operations	26,661
Education Fund:	
Early Childhood Block Grant	115,440
McKinney Education for Homeless Children	21
Regional Safe Schools	11,236
Title I - School Improvement System of Support	7,132
Principal Collegial Network	35
National and State School Breakfast and Lunch	9,014
Mt. Vernon Pre-K	41,059
Area VI Technology	856
Internal Service Fund:	
Transportation Reimbursement	72,572
Proprietary Fund:	
Mt. Vernon Conference	<u>9,754</u>
Total	<u><u>\$ 338,893</u></u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

15. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 13's General Fund, Education Fund, Enterprise Funds, and Agency Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2018:

Due From Other Governments:

General Fund:	
Illinois State Board of Education	\$ 24,878
Clinton County	16,544
Local School Districts	95,464
Education Fund:	
Illinois State Board of Education	299,535
Department of Human Services	206,132
Regional Office of Education No. 50	29,374
Local School Districts	104,642
Nonmajor Special Revenue Fund:	
Local School Districts	610
Internal Service Fund:	
Regional Office of Education No. 50	1,081
Fiduciary Fund:	
Local Governments	59,502
	<u>\$ 837,762</u>

Due To Other Governments:

General Fund:	
Local School Districts	\$ 24,878
Education Fund:	
Illinois State Board of Education	3,308
Regional Office of Education No. 50	1,000
Local School Districts	2,000
Fiduciary Fund:	
Local Governments	8,859
	<u>\$ 40,045</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

16. ON-BEHALF PAYMENTS

Clinton, Jefferson, Marion, and Washington Counties provide the Regional Office of Education No. 13 with staff and pay certain expenditures on behalf of the Regional Office of Education No. 13. The expenditures paid on the Regional Office of Education No. 13's behalf for the year ended June 30, 2018 was \$74,397.

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 13:

Regional Superintendent-salary	\$ 115,176
Regional Superintendent-benefits (includes State paid insurance)	27,246
Assistant Regional Superintendent-salary	103,656
Assistant Regional Superintendent-benefits (includes State paid insurance)	26,547
THIS post-employment benefit contributions	18,785
Total	\$ 291,410

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

The Regional Office of Education No. 13 recorded \$994,961 in revenue and expenses as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 13 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

Clinton, Jefferson, Marion, and Washington County on behalf payments	\$ 74,397
State of Illinois on-behalf payments	291,410
ROE 13's share of THIS OPEB expense	143,272
ROE 13's share of TRS pension expense	994,961
Total	\$ 1,504,040

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

NOTES TO FINANCIAL STATEMENT

For the Year Ended June 30, 2018

17. RESTATEMENT

The Regional Office of Education No. 13 has restated net position of the governmental activities as of June 30, 2017. The governmental activities' net position was restated due to the recognition of a line of credit that was not recorded by the Regional Office of Education No. 13. It was also restated to present a net OPEB liability and the related deferred outflows of resources in accordance with Governmental Accounting Standards Board Statement No. 75.

Governmental Funds - General Fund

Fund balance - beginning	\$ 809,484
Effect of recognizing prior year line of credit	<u>(300,000)</u>
Fund balance - ending	<u><u>\$ 509,484</u></u>

Governmental Activities Net Position

Net position - July 1, 2017	\$ 258,402
Effect of recognizing prior year line of credit	(300,000)
Recognition of OPEB liability	(2,063,649)
Recognition of deferred outflows related to OPEB	<u>11,449</u>
Net position, restated - July 1, 2017	<u><u>\$ (2,093,798)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(UNAUDITED)**

For the year ended June 30, 2018

(Amounts presented are for the year ended December 31, 2017, 2016, 2015, and 2014)

Calendar Year Ended December 31,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 197,890	\$ 202,111	\$ 212,264	\$ 204,497
Interest on the total pension liability	558,955	531,249	492,319	447,045
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience of the total pension liability	66,796	(51,327)	138,133	21,127
Changes of assumptions	(234,074)	-	-	226,444
Benefit payments, including refunds of employee contributions	(312,057)	(308,971)	(328,179)	(270,509)
Net change in total pension liability	277,510	373,062	514,537	628,604
Total pension liability - beginning	7,509,811	7,136,749	6,622,212	5,993,608
Total pension liability - ending (A)	7,787,321	7,509,811	7,136,749	6,622,212
Plan Fiduciary Net Position				
Contributions - employer	218,888	190,317	211,291	230,335
Contributions - employees	98,189	91,594	91,061	94,192
Net investment income	1,070,249	413,559	(3,923)	396,322
Benefit payments, including refunds of employee contributions	(312,057)	(308,971)	(328,179)	(270,509)
Other (net transfer)	(420)	(11,681)	552	(5,232)
Net change in plan fiduciary net position	1,074,849	374,818	(29,198)	445,108
Plan fiduciary net position - beginning	6,690,067	6,315,249	6,344,447	5,899,339
	7,764,916	6,690,067	6,315,249	6,344,447
Net pension liability(asset) - ending (A) - (B)	22,405	819,744	821,500	277,765
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.71%	89.08%	88.49%	95.81%
Covered Payroll	\$ 1,976,599	\$ 1,940,038	\$ 1,964,792	\$ 1,920,614
Net Pension Liability as a Percentage of Covered Payroll	1.13%	42.25%	41.81%	14.46%

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.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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

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

Year Ended June 30,	Actuarially Determined Contribution^a	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2015	\$ 191,096	\$ 219,767	\$ (28,671)	\$ 1,928,776	11.39%
2016	198,086	207,789	(9,703)	2,018,770	10.29%
2017	205,862	205,861	1	1,967,860	10.46%
2018	220,996	220,996	-	2,008,329	11.00%

^a These actuarially determined contributions have been adjusted from IMRF's calendar year determination to reflect the amounts as of the entity's fiscal year end based on information from the entity's records.

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.5%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.5%, including inflation
Investment Rate of Return:	7.5%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality table with adjustments to match current IMRF experience.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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

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

Notes to Schedule (Continued):

Other Information:

There were no benefit changes during the year.

Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.

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.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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

**For the year ended June 30, 2018
(Amounts presented are for the year ended June 30, 2017, 2016, 2015, and 2014)**

	2017*	2016*	2015*	2014*
Employer's proportion of the net pension liability	0.1596252200%	0.0015993173%	0.0009074510%	0.0005698645%
Employer's proportionate share of the net pension liability	\$ 1,219,499	\$ 1,262,438	\$ 594,471	\$ 346,809
State's proportionate share of the net pension liability associated with the employer	<u>10,109,826</u>	<u>11,215,990</u>	<u>9,018,290</u>	<u>8,543,759</u>
Total	<u>\$ 11,329,325</u>	<u>\$ 12,478,428</u>	<u>\$ 9,612,761</u>	<u>\$ 8,890,568</u>
Employer's covered payroll	\$ 1,359,216	\$ 1,424,180	\$ 1,389,546	\$ 1,450,204
Employer's proportionate share of the net pension liability as a percentage of its covered payroll Plan fiduciary net position as a percentage of the total pension liability	89.72%	88.64%	42.78%	23.91%
	39.3%	36.4%	41.5%	43.0%

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30, 2018

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

	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 25,738	\$ 65,707	\$ 62,497	\$ 31,467	\$ 20,951
Contributions in relation to the statutorily-required contribution	33,859	65,799	62,497	31,511	20,974
Contribution deficiency (excess)	<u>\$ (8,121)</u>	<u>\$ (92)</u>	<u>\$ -</u>	<u>\$ (44)</u>	<u>\$ (23)</u>
Employer's covered payroll	\$ 1,591,974	\$ 1,359,216	\$ 1,424,180	\$ 1,389,546	\$ 1,450,204
Contributions as a percentage of covered payroll	2.13%	4.84%	4.39%	2.27%	1.45%

** 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 2017 and 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**TEACHERS HEALTH INSURANCE SECURITY FUND – SCHEDULE
OF THE EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 13,979	\$ 11,449	\$ 11,349
Contributions in relation to the statutorily-required contribution	<u>13,979</u>	<u>11,449</u>	<u>11,349</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$1,591,974	\$1,359,216	\$1,513,200
Contributions as a percentage of covered payroll	0.88%	0.84%	0.75%

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 which information is available.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**TEACHERS HEALTH INSURANCE SECURITY FUND –SCHEDULE
OF THE EMPLOYER’S PROPORTIONATE SHARE OF THE
COLLECTIVE NET OPEB LIABILITY
(UNAUDITED)**

For the year ended June 30, 2018 and 2017

(Amounts presented are for the years ended June 30, 2017 and 2016)

	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.005925%	0.006092%
Employer's proportionate share of the collective net OPEB liability	\$ 1,537,490	\$ 1,664,998
State's proportionate share of the collective net OPEB liability associated with the employer	<u>\$ 2,019,067</u>	<u>\$ 2,308,612</u>
Total	<u>\$ 3,556,557</u>	<u>\$ 3,973,610</u>
Employer's covered payroll	\$ 1,359,216	\$ 1,513,200
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	113.12%	110.03%
Plan fiduciary net position as a percentage of the total OPEB liability	(0.17%)	(0.22%)

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

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

Notes to Required Supplementary Information

Changes of Benefit Term

In the June 30, 2016 actuarial valuation, there are no change of benefit terms from the prior period.

Changes of Assumptions

Because this is the implementation year for GASB 75, the beginning Total OPEB Liability is based on the same assumptions, data, and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 75 reporting, there have been no changes in assumption from the prior period.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE –
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)
For the year ended June 30, 2018**

Total OPEB Liability	<u>2018</u>
Service cost	\$ 33,870
Interest	13,658
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(9,899)
Benefit payments	<u>(34,535)</u>
Total change in total OPEB liability	3,094
Total OPEB liability - beginning	<u>398,651</u>
Total OPEB liability - ending	<u>401,745</u>
 Covered Payroll	 \$ 3,497,088
 Employer Total OPEB Liability as a Percentage of Covered Payroll	 11.49%

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.

SUPPLEMENTARY INFORMATION

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2018**

	Special Projects	Alternative Education Project	Safe School Tuition
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	6,532	-	205,274
Due from other governments	281	-	5,300
 Total assets	 \$ 6,813	 \$ -	 \$ 210,574
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 105	\$ -
Salaries and benefits payable	-	24,841	860
Due to other funds	21,911	5,069	-
Due to other governments	-	-	-
 Total liabilities	 21,911	 30,015	 860
 FUND BALANCES (DEFICITS)			
Assigned	-	-	209,714
Unassigned	(15,098)	(30,015)	-
 Total fund balances (deficits)	 (15,098)	 (30,015)	 209,714
 Total liabilities and fund balances (deficits)	 \$ 6,813	 \$ -	 \$ 210,574

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2018**

	Safe School Projects	Administrator's Academy	Conference
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	12,362	30,931	9,859
Due from other governments	-	18,500	-
 Total assets	 \$ 12,362	 \$ 49,431	 \$ 9,859
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 45	\$ -	\$ -
Salaries and benefits payable	7,112	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
 Total liabilities	 7,157	 -	 -
 FUND BALANCES (DEFICITS)			
Assigned	5,205	49,431	9,859
Unassigned	-	-	-
 Total fund balances (deficits)	 5,205	 49,431	 9,859
 Total liabilities and fund balances (deficits)	 \$ 12,362	 \$ 49,431	 \$ 9,859

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2018**

	Office Operations	Southern Thirty	School Improvement	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 4	\$ -	\$ 4
Due from other funds	-	232,572	-	497,530
Due from other governments	16,263	58,494	38,048	136,886
 Total assets	 \$ 16,263	 \$ 291,070	 \$ 38,048	 \$ 634,420
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 311	\$ 4	\$ -	\$ 465
Salaries and benefits payable	-	7,765	-	40,578
Due to other funds	42,613	-	12,199	81,792
Due to other governments	-	-	24,878	24,878
 Total liabilities	 42,924	 7,769	 37,077	 147,713
FUND BALANCES (DEFICITS)				
Assigned	-	283,301	971	558,481
Unassigned	(26,661)	-	-	(71,774)
 Total fund balances (deficits)	 (26,661)	 283,301	 971	 486,707
 Total liabilities and fund balances (deficits)	 \$ 16,263	 \$ 291,070	 \$ 38,048	 \$ 634,420

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2018**

	<u>Special Projects</u>	<u>Alternative Education Project</u>	<u>Safe School Tuition</u>
Revenues:			
Local sources	\$ 53,958	\$ 2,442	\$ 89,000
State sources	-	351,720	-
On-behalf payments - local	74,397	-	-
On-behalf payments - state	291,410	-	-
Interest	42	48	305
	<hr/>	<hr/>	<hr/>
Total revenues	419,807	354,210	89,305
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	34,324	332,865	70,993
Purchased services	6,278	57,709	1,974
Supplies and materials	1,516	11,112	-
Other objects	1,000	-	-
Pension expense	604	28,526	4,325
OPEB expense	-	-	-
On-behalf payments - local	74,397	-	-
On-behalf payments - state	291,410	-	-
Capital outlay	-	-	-
Debt service:			
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	409,529	430,212	77,292
	<hr/>	<hr/>	<hr/>
Net change in fund balances	10,278	(76,002)	12,013
Fund balances (deficits), beginning of year, restated, see note 17	(25,376)	45,987	197,701
	<hr/>	<hr/>	<hr/>
Fund Balances (deficits), end of year	\$ (15,098)	\$ (30,015)	\$ 209,714
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2018**

	<u>Safe School Projects</u>	<u>Administrator's Academy</u>	<u>Conference</u>
Revenues:			
Local sources	\$ -	\$ 20,525	\$ 17,900
State sources	164,723	-	-
On-behalf payments - local	-	-	-
On-behalf payments - state	-	-	-
Interest	12	36	16
	<u>164,735</u>	<u>20,561</u>	<u>17,916</u>
Total revenues			
Expenditures:			
Instructional services:			
Salaries and benefits	128,627	-	-
Purchased services	28,737	-	17,383
Supplies and materials	3,041	-	744
Other objects	-	-	-
Pension expense	10,130	-	-
OPEB expense	-	-	-
On-behalf payments - local	-	-	-
On-behalf payments - state	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest	-	-	-
	<u>170,535</u>	<u>-</u>	<u>18,127</u>
Total expenditures			
Net change in fund balances	(5,800)	20,561	(211)
Fund balances (deficits), beginning of year, restated, see note 17	<u>11,005</u>	<u>28,870</u>	<u>10,070</u>
Fund Balances (deficits), end of year	<u>\$ 5,205</u>	<u>\$ 49,431</u>	<u>\$ 9,859</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2018**

	Office Operations	Southern Thirty	School Improvement	Total
Revenues:				
Local sources	\$ 185,901	\$ 111,617	\$ 80,840	\$ 562,183
State sources	-	-	-	516,443
On-behalf payments - local	-	-	-	74,397
On-behalf payments - state	-	-	-	291,410
Interest	-	293	-	752
	<u>185,901</u>	<u>111,910</u>	<u>80,840</u>	<u>1,445,185</u>
Expenditures:				
Instructional services:				
Salaries and benefits	112,903	63,450	71,712	814,874
Purchased services	50,633	2,109	2,151	166,974
Supplies and materials	1,157	1,208	-	18,778
Other objects	-	-	-	1,000
Pension expense	17,278	6,355	5,633	72,851
OPEB expense	-	19,883	373	20,256
On-behalf payments - local	-	-	-	74,397
On-behalf payments - state	-	-	-	291,410
Capital outlay	890	-	-	890
Debt service:				
Interest	6,532	-	-	6,532
	<u>189,393</u>	<u>93,005</u>	<u>79,869</u>	<u>1,467,962</u>
Net change in fund balances	(3,492)	18,905	971	(22,777)
Fund balances (deficits), beginning of year, restated, see note 17	<u>(23,169)</u>	<u>264,396</u>	<u>-</u>	<u>509,484</u>
Fund Balances (deficits), end of year	<u>\$ (26,661)</u>	<u>\$ 283,301</u>	<u>\$ 971</u>	<u>\$ 486,707</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant
ASSETS			
Cash and cash equivalents	\$ -	\$ 50,421	\$ -
Due from other governments	-	38,220	240,800
Total assets	\$ -	\$ 88,641	\$ 240,800
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 5,187
Salaries and benefits payable	-	15,703	97,023
Due to other funds	-	17,288	89,230
Due to other governments	-	3,308	-
Unearned revenue	-	-	-
Total liabilities	-	36,299	191,440
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	18,220	164,800
FUND BALANCES (DEFICITS)			
Restricted	-	34,122	-
Unassigned	-	-	(115,440)
Total fund balances (deficits)	-	34,122	(115,440)
Total liabilities and fund balances (deficits)	\$ -	\$ 88,641	\$ 240,800

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2018**

	<u>McKinney Education for Homeless Children</u>	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 8,066
Due from other governments	14,917	12,289	-
	<u>14,917</u>	<u>12,289</u>	<u>-</u>
Total assets	<u>\$ 14,917</u>	<u>\$ 12,289</u>	<u>\$ 8,066</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	9,319	-
Due to other funds	14,938	8,417	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,938</u>	<u>17,736</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	5,789	-
	<u>-</u>	<u>5,789</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	8,066
Unassigned	(21)	(11,236)	-
	<u>(21)</u>	<u>(11,236)</u>	<u>-</u>
Total fund balances (deficits)	<u>(21)</u>	<u>(11,236)</u>	<u>8,066</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 14,917</u>	<u>\$ 12,289</u>	<u>\$ 8,066</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2018**

	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support	Pilot Regional Safe School Cooperative
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 92,961
Due from other governments	206,132	14,457	8,226
	<u>\$ 206,132</u>	<u>\$ 14,457</u>	<u>\$ 101,187</u>
LIABILITIES			
Accounts payable	\$ -	\$ 1,116	\$ -
Salaries and benefits payable	-	3,000	4,799
Due to other funds	202,219	14,473	-
Due to other governments	-	3,000	-
Unearned revenue	-	-	92,395
	<u>202,219</u>	<u>21,589</u>	<u>97,194</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	3,993
	<u>-</u>	<u>-</u>	<u>3,993</u>
FUND BALANCES (DEFICITS)			
Restricted	3,913	-	-
Unassigned	-	(7,132)	-
	<u>3,913</u>	<u>(7,132)</u>	<u>-</u>
Total fund balances (deficits)	<u>3,913</u>	<u>(7,132)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 206,132</u>	<u>\$ 14,457</u>	<u>\$ 101,187</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2018**

	<u>Principal Collegial Network</u>	<u>National and State School Breakfast and Lunch</u>	<u>Mt. Vernon Pre-K</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	-	-	104,642
	<u>-</u>	<u>-</u>	<u>104,642</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,642</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	1,150	53,148
Due to other funds	35	7,864	92,553
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>35</u>	<u>9,014</u>	<u>145,701</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	-
Unassigned	(35)	(9,014)	(41,059)
	<u>(35)</u>	<u>(9,014)</u>	<u>(41,059)</u>
Total fund balances (deficits)	<u>(35)</u>	<u>(9,014)</u>	<u>(41,059)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,642</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2018**

	Area VI Technology	Share Our Strength	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 3	\$ 151,451
Due from other governments	-	-	639,683
Total assets	\$ -	\$ 3	\$ 791,134
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 6,303
Salaries and benefits payable	-	-	184,142
Due to other funds	856	-	447,873
Due to other governments	-	-	6,308
Unearned revenue	-	-	92,395
Total liabilities	856	-	737,021
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	192,802
FUND BALANCES (DEFICITS)			
Restricted	-	3	46,104
Unassigned	(856)	-	(184,793)
Total fund balances (deficits)	(856)	3	(138,689)
Total liabilities and fund balances (deficits)	\$ -	\$ 3	\$ 791,134

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2018**

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant
Revenues:			
Local sources	\$ -	\$ 10,313	\$ -
State sources	-	329,804	1,185,000
Federal sources	1,400	-	-
Interest	1	-	-
	<u>1,401</u>	<u>340,117</u>	<u>1,185,000</u>
Total revenues			
	<u>1,401</u>	<u>340,117</u>	<u>1,185,000</u>
Expenditures:			
Instructional services:			
Salaries and benefits	-	169,469	762,257
Purchased services	1,401	55,712	52,483
Supplies and materials	-	2,528	83,515
Pension expense	-	14,144	68,416
OPEB expense	-	-	-
Intergovernmental:			
Payments to other governments	-	-	40,354
Capital Outlay	-	-	-
	<u>1,401</u>	<u>241,853</u>	<u>1,007,025</u>
Total expenditures			
	<u>1,401</u>	<u>241,853</u>	<u>1,007,025</u>
Net change in fund balances			
	<u>-</u>	<u>98,264</u>	<u>177,975</u>
Fund balances (deficits), beginning of year			
	<u>-</u>	<u>(64,142)</u>	<u>(293,415)</u>
Fund balances (deficits), end of year			
	<u>\$ -</u>	<u>\$ 34,122</u>	<u>\$ (115,440)</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2018**

	McKinney Education for <u>Homeless Children</u>	Regional Safe <u>Schools</u>	ROE/ISC <u>Operations</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	112,437	123,682
Federal sources	45,977	-	-
Interest	16	-	46
	<u>45,993</u>	<u>112,437</u>	<u>123,728</u>
Expenditures:			
Instructional services:			
Salaries and benefits	28,767	70,092	65,014
Purchased services	5,777	421	52,808
Supplies and materials	8,416	-	1,027
Pension expense	3,035	6,833	4,930
OPEB expense	-	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Capital Outlay	-	-	-
	<u>45,995</u>	<u>77,346</u>	<u>123,779</u>
Net change in fund balances	<u>(2)</u>	<u>35,091</u>	<u>(51)</u>
Fund balances (deficits), beginning of year	<u>(19)</u>	<u>(46,327)</u>	<u>8,117</u>
Fund balances (deficits), end of year	<u>\$ (21)</u>	<u>\$ (11,236)</u>	<u>\$ 8,066</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2018**

	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support	Pilot Regional Safe School Cooperative
Revenues:			
Local sources	\$ 447	-	\$ 240
State sources	1,938,937	-	42,697
Federal sources	-	43,707	-
Interest	-	7	6
	<u>1,939,384</u>	<u>43,714</u>	<u>42,943</u>
Expenditures:			
Instructional services:			
Salaries and benefits	1,545,304	25,399	33,056
Purchased services	276,679	23,245	1,100
Supplies and materials	31,868	593	5,627
Pension expense	40,966	1,599	-
OPEB expense	-	-	-
Intergovernmental:			
Payments to other governments	-	-	-
Capital Outlay	5,756	-	-
	<u>1,900,573</u>	<u>50,836</u>	<u>39,783</u>
Net change in fund balances	<u>38,811</u>	<u>(7,122)</u>	<u>3,160</u>
Fund balances (deficits), beginning of year	<u>(34,898)</u>	<u>(10)</u>	<u>(3,160)</u>
Fund balances (deficits), end of year	<u>\$ 3,913</u>	<u>\$ (7,132)</u>	<u>\$ -</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2018**

	Principal Collegial Network	National and State School Breakfast and Lunch	Mt. Vernon Pre-K
Revenues:			
Local sources	\$ 2,850	\$ -	\$ -
State sources	-	1,404	478,427
Federal sources	-	77,399	-
Interest	-	-	-
	2,850	78,803	478,427
Expenditures:			
Instructional services:			
Salaries and benefits	-	11,697	385,729
Purchased services	2,970	57,318	27,843
Supplies and materials	-	4,444	772
Pension expense	-	660	34,151
OPEB expense	-	3,781	24,477
Intergovernmental:			
Payments to other governments	-	-	-
Capital Outlay	-	-	-
	2,970	77,900	472,972
Net change in fund balances	(120)	903	5,455
Fund balances (deficits), beginning of year	85	(9,917)	(46,514)
Fund balances (deficits), end of year	\$ (35)	\$ (9,014)	\$ (41,059)

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2018**

	Area VI Technology	Share Our Strength	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 13,850
State sources	-	-	4,212,388
Federal sources	-	-	168,483
Interest	-	-	76
Total revenues	-	-	4,394,797
Expenditures:			
Instructional services:			
Salaries and benefits	-	-	3,096,784
Purchased services	91	-	557,848
Supplies and materials	-	-	138,790
Pension expense	-	-	174,734
OPEB expense	-	-	28,258
Intergovernmental:			
Payments to other governments	-	-	40,354
Capital Outlay	-	-	5,756
Total expenditures	91	-	4,042,524
Net change in fund balances	(91)	-	352,273
Fund balances (deficits), beginning of year	(765)	3	(490,962)
Fund balances (deficits), end of year	\$ (856)	\$ 3	\$ (138,689)

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY LEADERSHIP GRANT
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,464	\$ 1,464	\$ 1,400
Interest	-	-	1
	1,464	1,464	1,401
Total revenues	1,464	1,464	1,401
Expenditures:			
Instructional services:			
Salaries and benefits	-	-	-
Purchased services	1,464	1,464	1,401
Pension expense	-	-	-
	1,464	1,464	1,401
Total expenditures	1,464	1,464	1,401
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 10,313
State sources	234,220	234,220	329,804
Total revenues	234,220	234,220	340,117
Expenditures:			
Instructional services:			
Salaries and benefits	188,132	190,742	169,469
Purchased services	42,179	41,169	55,712
Supplies and materials	3,909	2,309	2,528
Pension expense	-	-	14,144
Total expenditures	234,220	234,220	241,853
Net change in fund balance	\$ -	\$ -	98,264
Fund balance (deficit), beginning of year			(64,142)
Fund balance, end of year			\$ 34,122

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 988,800	\$ 1,248,800	\$ 1,185,000
Expenditures:			
Instructional services:			
Salaries and benefits	823,789	839,789	762,257
Purchased services	71,774	60,274	52,483
Supplies and materials	48,737	121,237	83,515
Pension expense	-	-	68,416
Noncapitalized equipment	-	130,000	-
Capital outlay	-	55,000	-
Intergovernmental:			
Payments to other governments	44,500	42,500	40,354
Total expenditures	988,800	1,248,800	1,007,025
Net change in fund balance	\$ -	\$ -	177,975
Fund balance (deficit), beginning of year			(293,415)
Fund balance (deficit), end of year			\$ (115,440)

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 60,113	\$ 60,113	\$ 45,977
Interest	-	-	16
	60,113	60,113	45,993
Total revenues	60,113	60,113	45,993
Expenditures:			
Instructional services:			
Salaries and benefits	27,085	27,085	28,767
Purchased services	11,728	11,728	5,777
Supplies and materials	21,300	21,300	8,416
Pension expense	-	-	3,035
	60,113	60,113	45,995
Total expenditures	60,113	60,113	45,995
Net change in fund balance	\$ -	\$ -	(2)
Fund balance (deficit), beginning of year			(19)
Fund balance (deficit), end of year			\$ (21)

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 79,139	\$ 79,139	\$ 112,437
Expenditures:			
Instructional services:			
Salaries and benefits	78,447	78,447	70,092
Purchased services	692	692	421
Pension expense	-	-	6,833
Total expenditures	79,139	79,139	77,346
Net change in fund balance	\$ -	\$ -	35,091
Fund balance (deficit), beginning of year			(46,327)
Fund balance (deficit), end of year			\$ (11,236)

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 114,247	\$ 123,682	\$ 123,682
Interest	-	-	46
Total revenues	<u>114,247</u>	<u>123,682</u>	<u>123,728</u>
Expenditures:			
Instructional services:			
Salaries and benefits	65,256	70,046	65,014
Purchased services	47,991	48,128	52,808
Supplies and materials	1,000	897	1,027
Pension expense	-	-	4,930
Intergovernmental:			
Payments to other governments	-	4,611	-
Total expenditures	<u>114,247</u>	<u>123,682</u>	<u>123,779</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(51)
Fund balance, beginning of year			<u>8,117</u>
Fund balance, end of year			<u>\$ 8,066</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SPECIAL EDUCATION FOR INFANTS AND
FAMILIES WITH DISABILITIES
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Local sources	\$ -	\$ -	\$ 447
State sources	2,034,255	2,034,255	1,938,937
	2,034,255	2,034,255	1,939,384
Total revenues	2,034,255	2,034,255	1,939,384
Expenditures:			
Instructional services:			
Salaries and benefits	1,672,504	1,672,504	1,545,304
Purchased services	306,188	306,188	276,679
Supplies and materials	55,563	55,563	31,868
Pension expense	-	-	40,966
Capital outlay	-	-	5,756
	2,034,255	2,034,255	1,900,573
Total expenditures	2,034,255	2,034,255	1,900,573
Net change in fund balance	\$ -	\$ -	38,811
Fund balance (deficit), beginning of year			(34,898)
Fund balance, end of year			\$ 3,913

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I - SCHOOL IMPROVEMENT SYSTEM OF SUPPORT
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 78,250	\$ 78,250	\$ 43,707
Interest	-	-	7
	78,250	78,250	43,714
Expenditures:			
Instructional services:			
Salaries and benefits	37,760	37,760	25,399
Purchased services	11,240	11,240	23,245
Supplies and materials	1,750	1,750	593
Pension expense	-	-	1,599
Intergovernmental:			
Payments to other governments	27,500	27,500	-
	78,250	78,250	50,836
Net change in fund balance	\$ -	\$ -	(7,122)
Fund balance (deficit), beginning of year			(10)
Fund balance (deficit), end of year			\$ (7,132)

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PILOT REGIONAL SAFE SCHOOL
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Local sources	\$ -	\$ -	\$ 240
State sources	39,938	39,938	42,697
Interest	-	-	6
	39,938	39,938	42,943
Total revenues	39,938	39,938	42,943
Expenditures:			
Instructional services:			
Salaries and benefits	34,419	32,894	33,056
Purchased services	790	1,207	1,100
Supplies and materials	4,729	5,837	5,627
	39,938	39,938	39,783
Total expenditures	39,938	39,938	39,783
Net change in fund balance	\$ -	\$ -	3,160
Fund balance (deficit), beginning of year			(3,160)
Fund balance, end of year			\$ -

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 12,789	\$ 8,862	\$ 21,651
Due from other governments	-	610	610
Accounts receivable	105	-	105
	<u>105</u>	<u>-</u>	<u>105</u>
Total assets	<u>\$ 12,894</u>	<u>\$ 9,472</u>	<u>\$ 22,366</u>
FUND BALANCES			
Restricted	<u>12,894</u>	<u>9,472</u>	<u>22,366</u>
Total liabilities and fund balances	<u>\$ 12,894</u>	<u>\$ 9,472</u>	<u>\$ 22,366</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2018**

	General Education Development	Bus Driver Training	Total
Revenues:			
Local sources	\$ 7,960	\$ 5,960	\$ 13,920
State sources	-	1,547	1,547
Interest	7	9	16
	<u>7,967</u>	<u>7,516</u>	<u>15,483</u>
Total revenues			
Expenditures:			
Salaries and benefits	7,433	-	7,433
Purchased services	27	2,473	2,500
Supplies and materials	20	-	20
Pension expense	649	-	649
	<u>8,129</u>	<u>2,473</u>	<u>10,602</u>
Total expenditures			
Net change in fund balances	(162)	5,043	4,881
Fund balances, beginning of year	<u>13,056</u>	<u>4,429</u>	<u>17,485</u>
Fund balances, end of year	<u><u>\$ 12,894</u></u>	<u><u>\$ 9,472</u></u>	<u><u>\$ 22,366</u></u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2018

	<u>Building</u>	<u>Transportation Reimbursement</u>	<u>Total</u>
ASSETS			
Current assets			
Due from other governments	\$ -	\$ 1,081	\$ 1,081
Total current assets	<u>-</u>	<u>1,081</u>	<u>1,081</u>
Noncurrent assets			
Capital assets, net of depreciation	532,793	-	532,793
Total assets	<u>532,793</u>	<u>1,081</u>	<u>533,874</u>
LIABILITIES			
Current liabilities			
Accounts payable	80	-	80
Salaries and benefits payable	235	-	235
Due to other funds	20,797	73,653	94,450
Current portion of long-term debt	27,148	-	27,148
Total current liabilities	<u>48,260</u>	<u>73,653</u>	<u>121,913</u>
Noncurrent liabilities			
Long-term debt, net	196,485	-	196,485
Total liabilities	<u>244,745</u>	<u>73,653</u>	<u>318,398</u>
NET POSITION			
Net investment in capital assets	309,160	-	309,160
Unrestricted	(21,112)	(72,572)	(93,684)
Total net position	<u>\$ 288,048</u>	<u>\$ (72,572)</u>	<u>\$ 215,476</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2018**

	<u>Building</u>	<u>Transportation Reimbursement</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 73,375	\$ 13,325	\$ 86,700
Operating expenses:			
Salaries and benefits	235	6,514	6,749
Purchased services	13,466	4,142	17,608
Supplies and materials	1,128	6,345	7,473
Depreciation	21,899	-	21,899
Total operating expenses	<u>36,728</u>	<u>17,001</u>	<u>53,729</u>
Operating income (loss)	<u>36,647</u>	<u>(3,676)</u>	<u>32,971</u>
Nonoperating revenues (expenses):			
Interest expense	<u>(13,552)</u>	-	<u>(13,552)</u>
Change in net position	23,095	(3,676)	19,419
Net position - beginning	<u>264,953</u>	<u>(68,896)</u>	<u>196,057</u>
Net position - ending	<u>\$ 288,048</u>	<u>\$ (72,572)</u>	<u>\$ 215,476</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the year ended June 30, 2018**

	Building	Transportation Reimbursement	Total
Cash flows from operating activities:			
Collection of fees	\$ 73,375	\$ 12,244	\$ 85,619
Payments to suppliers and providers of goods and services	(15,347)	(10,487)	(25,834)
Payments to employees	(235)	(6,514)	(6,749)
Net cash provided (used) by operating activities	57,793	(4,757)	53,036
Cash flows from noncapital financing activities:			
Inflows (outflows) due to interfund borrowings	(18,533)	4,757	(13,776)
Net cash provided (used) by noncapital financing activities	(18,533)	4,757	(13,776)
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(25,708)	-	(25,708)
Interest paid on capital debt	(13,552)	-	(13,552)
Net cash (used) by capital and related financing activities	(39,260)	-	(39,260)
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, ending of year	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 36,647	\$ (3,676)	\$ 32,971
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Depreciation	21,899	-	21,899
Decrease in due from other governments	-	(1,081)	(1,081)
Increase (decrease) in accounts payable	(988)	-	(988)
Increase (decrease) in salaries and benefits payable	235	-	235
Net cash provided (used) by operating activities	\$ 57,793	\$ (4,757)	\$ 53,036

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS
June 30, 2018**

	Rend Lake Regional Delivery System and Vocational Board	Transforming School Climate to Build Successful Learners	Total
ASSETS			
Cash and cash equivalents	\$ 8,828	\$ -	\$ 8,828
Accounts receivable	31	-	31
Due from other governments	-	59,502	59,502
Total assets	\$ 8,859	\$ 59,502	\$ 68,361
LIABILITIES			
Salaries payable	\$ -	26,417	\$ 26,417
Due to primary government	-	33,085	33,085
Due to other governments	8,859	-	8,859
Total liabilities	\$ 8,859	\$ 59,502	\$ 68,361

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the year ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>REND LAKE REGIONAL DELIVERY SYSTEM AND VOCATIONAL BOARD</u>				
ASSETS				
Cash and cash equivalents	\$ 1,338	\$ 7,490	\$ -	\$ 8,828
Accounts receivable	31	-	-	31
Due from other governments	184,417	-	(184,417)	-
Total assets	<u>\$ 185,786</u>	<u>\$ 7,490</u>	<u>\$ (184,417)</u>	<u>\$ 8,859</u>
LIABILITIES				
Due to other governments	185,786	8,859	(185,786)	8,859
Total liabilities	<u>\$ 185,786</u>	<u>\$ 8,859</u>	<u>\$ (185,786)</u>	<u>\$ 8,859</u>
<u>TRANSFORMING SCHOOL CLIMATE TO BUILD SUCCESSFUL LEARNERS</u>				
ASSETS				
Due from other governments	\$ 54,740	\$ 59,502	\$ (54,740)	\$ 59,502
Total assets	<u>\$ 54,740</u>	<u>\$ 59,502</u>	<u>\$ (54,740)</u>	<u>\$ 59,502</u>
LIABILITIES				
Salaries Payable	\$ 31,825	\$ -	\$ (5,408)	26,417
Due to primary government	22,915	33,085	(22,915)	33,085
Total liabilities	<u>\$ 54,740</u>	<u>\$ 33,085</u>	<u>\$ (28,323)</u>	<u>\$ 59,502</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,338	\$ 7,490	\$ -	\$ 8,828
Accounts receivable	31	-	-	31
Due from other governments	239,157	59,502	(239,157)	59,502
Total assets	<u>\$ 240,526</u>	<u>\$ 66,992</u>	<u>\$ (239,157)</u>	<u>\$ 68,361</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 31,825	\$ -	\$ (5,408)	\$ 26,417
Due to primary government	22,915	33,085	(22,915)	33,085
Due to other governments	185,786	8,859	(185,786)	8,859
Total liabilities	<u>\$ 240,526</u>	<u>\$ 41,944</u>	<u>\$ (214,109)</u>	<u>\$ 68,361</u>