

**STATE OF ILLINOIS
FULTON/HANCOCK/MCDONOUGH/ SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26**

**FINANCIAL AUDIT
For the Year Ended June 30, 2018**

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

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26**

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**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26**

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Mr. John Meixner

Assistant Regional Superintendent
(Current and During the Audit Period)

Mr. Dave Demler

Offices are located at:

130 South LaFayette Street, Suite 200
Macomb, Illinois 61455

735 E Locust Street,
Canton, Illinois 61520

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26**

FINANCIAL REPORT SUMMARY

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

AUDITOR’S REPORTS

The auditor’s reports 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	5	4
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	1	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2018-001	12	Controls over Financial Statement Preparation	Material Weakness
2018-002	15	Inadequate Internal Control Procedures	Material Weakness
2018-003	17	Inadequate Internal Controls over Inventory	Material Weakness
2018-004	18	Inadequate Controls over Cut-off Procedures	Material Weakness
2018-005	20	Delay of Audit	Noncompliance

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2017-004	28	Transfers and Fund Balance	Material Weakness
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**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26**

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on June 17, 2019.

Attending were:

Fulton/Hancock/McDonough/Schuyler Counties:
Regional Office of Education #26

John Meixner, Regional Superintendent
Deb Wright, Chief Bookkeeper
Lori Warden, Administrative Assistant

Office of the Auditor General

Jennifer Baptist, OAG Manager

Adelfia LLC

Stella Marie Santos, Partner
Ana Liza Ausan, Manager

Responses to the recommendations were provided by John Meixner, Regional Superintendent on June 24, 2019.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26's basic financial statements, except for qualified opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund.



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 Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26'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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund

We did not observe the taking of the physical inventories in the Western Area Purchasing Co-op enterprise fund, since the Regional Office does not perform a physical inventory count at year end. Because of the inadequacy of accounting records related to inventory, we were unable to obtain sufficient appropriate audit evidence about inventory quantities using other auditing procedures. The inventory quantities affect the amounts due from and due to other governments, the revenues, expenses, and the fund balance in the Western Area Purchasing Co-op enterprise fund. The amounts by which due from other governments, due to other governments, revenues, expenses, and fund balance would be affected have not been determined.

Qualified Opinions

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the Western Area Purchasing Co-op enterprise fund of the Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26 , 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund, and the aggregate remaining fund information of the Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26 , 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements for the year ended June 30, 2018, the Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26 adopted new accounting guidance related to Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers'

Retirement System of the State of Illinois – Schedule of Employer Contributions, Western Area School Health Benefit Plan – Schedule of Changes in the Total OPEB Liability and Related Ratios, Teachers’ Health Insurance Security Fund – Schedule of Employer Contributions, Teachers’ Health Insurance Security Fund – Schedule of Employer’s Proportionate Share of the Collective Net OPEB Liability on pages 29 through 36 and 97 through 104 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26’s basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities 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, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities 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 supplementary information as listed in the table of contents is 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 September 30, 2019 on our consideration of the Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26’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 Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26’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 Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
September 30, 2019



**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 Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26’s basic financial statements and have issued our report thereon dated September 30, 2019. We expressed qualified opinions on the financial statements of the Western Area Purchasing Co-op enterprise fund and the business-type activities because we were unable to obtain sufficient appropriate audit evidence about inventory quantities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26’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 Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26’s internal control. Accordingly, we do not express an opinion on the effectiveness of Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26’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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2018-001, 2018-002, 2018-003 and 2018-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-005.

Regional Office of Education #26's Responses to Findings

Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26'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 result of that testing, and not to provide an opinion on the effectiveness of Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
September 30, 2019

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
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, except for qualified
opinions on the Business-Type
Activities and the Western Area
Purchasing Co-Op Enterprise Fund*

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeat of Finding No. 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 and 07-01)

Criteria/Specific Requirement:

The Regional Office of Education #26 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows or resources, deferred inflows of resources and expense/expenditures in regards to the accounting and financial reporting for Other Postemployment Benefits (OPEB) that is provided to the employees of state and local governmental employers. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Condition:

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records using cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeat of Finding No. 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 and 07-01) (Continued)

During review of the financial information prepared by the Regional Office of Education #26, auditors noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and unearned revenue and made entries to record them, not all accounts payable, accounts receivable, and unearned revenue were correctly recorded.
- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The financial statements initially submitted to the auditors did not include all the required adjustments and disclosures related to OPEB. The ROE was able to subsequently record and report the amounts and required disclosures in the revised financial statements provided to the auditors.

Effect:

The Regional Office of Education #26's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

ROE Officials indicated current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements. While an outside contractor was engaged to assist in the preparation of the financial statements, management did not effectively detect all of the material adjustments needed in order to present financial statements and provide adequate disclosures in accordance with GAAP.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeat of Finding No. 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 and 07-01) (Concluded)

Auditor’s Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education #26 should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE’s activities and operations. The ROE should also perform an oversight of the external service provided and evaluate the adequacy and results of the services performed.

Management’s Response:

The Regional Office of Education's #26 accepts the auditor’s recommendations. ROE #26 will continue to work with our accounting firm and will implement trainings with the accounting firm to establish procedures for the applicable GAAP and GASB.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-002 – Inadequate Internal Control Procedures (Repeat of Finding No. 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02)

Criteria/Specific Requirement:

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

The ROE Accounting Manual states that detailed fixed asset records should be kept both for accounting purposes as well as insurance purposes. In addition, generally accepted accounting principles (GAAP) requires that an inventory of all capital assets be maintained. Fixed asset records are a necessary part of the ROE accounting system, and they should be as carefully maintained as any other records.

The ROE Accounting Manual also states that all fixed assets should be tagged in some fashion with an inventory control number that is assigned to that asset in the fixed asset inventory records.

The State and Federal Grant Administration Policy and Fiscal Requirements and Procedures issued by the Illinois State Board of Education dictates procedures for managing equipment acquired with State and/or federal funds. These include procedures to ensure, among others that (1) adequate records are maintained for all equipment, and (2) dispositions are recorded in the fixed assets inventory records.

Condition:

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

- A. The ROE #26 did not have adequate controls over the maintenance of complete records of capital assets. ROE #26 has a capital assets schedule, however it does not include all the important information including the location, serial numbers and tag numbers. The auditors noted the process of tagging assets was not consistent and not all items were being tagged. We also noted there were no procedures in place or formal forms being utilized for equipment transfers and disposals. There was no monitoring of computers issued to employees that could be in various locations and personally assigned laptops that could have confidential information.
- B. Capital assets with an acquisition cost of \$5,231, which were disposed during the current fiscal year, were not recorded in the accounting system.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-002 – Inadequate Internal Control Procedures (Repeat of Finding No. 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02) (Concluded)

Effect:

Lack of sufficient internal controls over capital assets of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties. In addition, lack of monitoring of computers may result in potential for unintended exposure of confidential information.

Cause:

ROE Officials indicated they do not have enough resources to perform a full physical inventory of assets. In addition, the ROE #26 has not established or documented sufficient internal control procedures over capital assets.

Auditor’s Recommendation:

The Regional Office should establish and document internal control procedures to ensure its capital asset schedule is maintained in accordance with GAAP and ROE Accounting Manual. The capital asset schedule should be reconciled to the general ledger capital asset and capital outlay accounts.

The Regional Office should also evaluate data maintained on computers and ensure those containing confidential information are adequately protected with methods such as encryption.

Management’s Response:

The Regional Office will establish and document internal control procedures to ensure its capital asset schedule is maintained in accordance with GAAP and ROE Accounting Manual. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts.

The Regional Office in partnership with our IT support personnel will evaluate data maintained on computers and ensure those containing confidential information are adequately protected with methods such as encryption.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-003 – Inadequate Internal Controls over Inventory (Repeat of Finding No. 17-003, 16-003, 15-005)

Criteria/Specific Requirement:

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

Condition:

The Regional Office was not able to provide auditors with documentation to support the provided inventory value of the Western Area Purchasing Co-op. In addition, the inventory value recorded in the Regional Office’s general ledger was not adjusted to the year-end value.

Effect:

The value of inventory at June 30 could not be determined. Auditors qualified their opinion on inventory in the FY18 financial statements.

Cause:

ROE Officials indicated the Western Area Purchasing Co-op does not perform a physical inventory count at year end; rather, they perform a physical count after most inventory has been delivered to Co-op members and calculate the year-end inventory value from supporting documents, such as vendor invoices, shipping manifests, and receipts of delivery to Co-op members. These documents did not support the inventory value reported by the Co-op.

Auditor’s Recommendation:

The Western Area Purchasing Co-op staff should perform a physical inventory count on or near the fiscal year end or should maintain adequate documentation to support the calculated year-end value. The accurate inventory value should be recorded in the Regional Office’s general ledger.

Management’s Response:

The ROE #26 and the Western Area Purchasing Co-op staff accept the risk involved with this finding as there is inadequate staff and resources to perform physical inventory on current timeline. The physical inventory mandate coupled with the required timeline would disrupt operation immensely. An inventory system is cost prohibitive.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-004 – Inadequate Controls over Cut-off Procedures

Criteria/Specific Requirement:

GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments (Statement), requires the accrual basis of accounting for entity wide financial statements and business-type activities. The accrual basis of accounting requires the recognition of revenues, expenses, assets, liabilities, deferred inflows of resources, and deferred outflows of resources in the accounting period they are earned or incurred.

Condition:

In our review of disbursements, we noted three of 25 vouchers tested (12%), totaling \$183,596 for services incurred or inventory received, were not recorded on the books and records in the proper fiscal year. One of the vouchers, amounting to \$15,606, was for reimbursement of FY17 fingerprinting salary. The remaining two disbursements, amounting to \$167,990, were for inventory purchased and received in FY17. The salary reimbursement and the purchased inventory were recorded as expense and liabilities in FY18.

We also noted four of 32 receipts tested (12.5%), totaling \$39,170 for services rendered and inventory delivered, were not recorded in the proper fiscal year. One of the receipts was for a salary reimbursement for FY17 that was recorded in FY18. It should have been recorded as receivable in FY17 since the service was rendered in FY17. The remaining three receipts were for inventory delivered to the districts prior to June 30, 2018 and should have been recorded as receivables and sales in FY18.

Effect:

Failure to perform proper cut-off procedures resulted in inaccurate and incomplete financial statements. The ROE #26 understated revenues and assets and understated net assets by \$39,170 in the prior and current fiscal year's financial statements. In addition, expenses and liabilities are understated by \$189,596 in the prior fiscal year's financial statements.

Cause:

ROE Officials indicated they had not established or documented sufficient year-end cut-off procedures for revenues and expenses.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-004 – Inadequate Controls over Cut-off Procedures (Concluded)

Auditor’s Recommendation:

The Regional Office of Education #26 should implement cut-off procedures at year-end for revenues and expenses. All billable goods and services should be billed before year-end and all the districts should be informed to turn in expenses for the current year. The ROE should establish procedures to ensure detailed invoices are promptly obtained and reviewed. In addition, year-end cut-off entries for accruals should be reviewed to ensure they are complete and are charged to the proper account and correct fiscal year.

Management’s Response:

The Regional Office of Education #26 will implement cut-off procedures at year-end for revenues and expenses. All billable goods and services will be billed before year-end. The ROE #26 will establish procedures to ensure detailed invoices are promptly obtained and reviewed. In addition, year-end cut-off entries for accruals will be reviewed to ensure they are complete and are charged to the proper account and correct fiscal year.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2018-005 – Delay of Audit

Criteria/Specific Requirement:

The Regional Office of Education No. 26 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 Governmental 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). In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Condition:

The financial statements provided to the auditors by the Regional Office of Education No. 26 on September 13, 2018 did not contain OPEB related adjustments and disclosures and all of the information needed to support the ROE’s OPEB balances and related disclosures. Subsequently, on January 18, 2019 revised financial statements were provided which did reflect the OPEB balances and required 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.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2018-005 – Delay of Audit (Concluded)

Cause:

ROE Officials indicated, because of the initial implementation of the OPEB standards, more time was required to compile the information and prepare the adjustments for the OPEB balances and related disclosures.

Auditor’s Recommendation:

The Regional Office of Education No. 26 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 and should include all the required disclosures. These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31 deadline.

Management’s Response:

The Regional Office of Education #26 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP and will include all the required disclosures. These financial statements will be presented to the Auditor General’s independent auditors for audit in a timely manner to the best of our ability.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN

Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 and 07-01)

Condition:

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records using cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the financial information prepared by the Regional Office of Education #26, auditors noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and unearned revenue and made entries to record them, not all accounts payable, accounts receivable, and unearned revenue were correctly recorded.
- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The financial statements initially submitted to the auditors did not include all the required adjustments and disclosures related to OPEB. The ROE was able to subsequently record and report the amounts and required disclosures in the revised financial statements provided to the auditors.

Plan:

ROE #26 will continue to work with our accounting firm and will implement trainings with the accounting firm to establish procedures for the applicable GAAP and GASB.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 and 07-01) (Concluded)

Anticipated Date of Completion:

Undetermined

Contact Person:

Mr. John Meixner, Regional Superintendent

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2018-002 – Inadequate Internal Control Procedures (Repeat of Finding No. 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02)

Condition:

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

- A. The ROE #26 did not have adequate controls over the maintenance of complete records of capital assets. ROE #26 has a capital assets schedule, however it does not include all the important information including the location, serial numbers and tag numbers. The auditors noted the process of tagging assets was not consistent and not all items were being tagged. We also noted there were no procedures in place or formal forms being utilized for equipment transfers and disposals. There was no monitoring of computers issued to employees that could be in various locations and personally assigned laptops that could have confidential information.
- B. Capital assets with an acquisition cost of \$5,231, which were disposed during the current fiscal year, were not recorded in the accounting system.

Plan:

The Regional Office will establish and document internal control procedures to ensure its capital asset schedule is maintained in accordance with GAAP and ROE Accounting Manual. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts.

The Regional Office in partnership with our IT support personnel will evaluate data maintained on computers and ensure those containing confidential information are adequately protected with methods such as encryption.

Anticipated Date of Completion:

June 30, 2020

Contact Person:

Mr. John Meixner, Regional Superintendent

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2018-003 – Inadequate Internal Controls over Inventory (Repeat of Finding No. 17-003, 16-003, 15-005)

Condition:

The Regional Office was not able to provide auditors with documentation to support the provided inventory value of the Western Area Purchasing Co-op. In addition, the inventory value recorded in the Regional Office’s general ledger was not adjusted to the year-end value.

Plan:

There is no rationale plan to correct this finding. However, we will continue to search for solutions.

Anticipated Date of Completion:

Undetermined

Contact Person:

Mr. John Meixner, Regional Superintendent

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2018-004 – Inadequate Controls over Cut-off Procedures

Condition:

In our review of disbursements, we noted three of 25 vouchers tested (12%), totaling \$183,596 for services incurred or inventory received, were not recorded on the books and records in the proper fiscal year. One of the vouchers, amounting to \$15,606, was for reimbursement of FY17 fingerprinting salary. The remaining two disbursements, amounting to \$167,990, were for inventory purchased and received in FY17. The salary reimbursement and the purchased inventory were recorded as expense and liabilities in FY18.

We also noted four of 32 receipts tested (12.5%), totaling \$39,170 for services rendered and inventory delivered, were not recorded in the proper fiscal year. One of the receipts was for a salary reimbursement for FY17 that was recorded in FY18. It should have been recorded as receivable in FY17 since the service was rendered in FY17. The remaining three receipts were for inventory delivered to the districts prior to June 30, 2018 and should have been recorded as receivables and sales in FY18.

Plan:

The Regional Office of Education #26 will implement cut-off procedures at year-end for revenues and expenses. All billable goods and services will be billed before year-end. The ROE #26 will establish procedures to ensure detailed invoices are promptly obtained and reviewed. In addition, year-end cut-off entries for accruals will be reviewed to ensure they are complete and are charged to the proper account and correct fiscal year.

Anticipated Date of Completion:

June 30, 2019

Contact Person:

Mr. John Meixner, Regional Superintendent

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN (Concluded)

Finding No. 2018-005 – Delay of Audit

Condition:

The financial statements provided to the auditors by the Regional Office of Education No. 26 on September 13, 2018 did not contain OPEB related adjustments and disclosures and all of the information needed to support the ROE's OPEB balances and related disclosures. Subsequently, on January 18, 2019 revised financial statements were provided which did reflect the OPEB balances and required disclosures.

Plan:

The Regional Office of Education #26 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP and will include all the required disclosures. These financial statements will be presented to the Auditor General's independent auditors for audit in a timely manner to the best of our ability.

Anticipated Date of Completion:

June 30, 2019

Contact Person:

Mr. John Meixner, Regional Superintendent

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2018**

2017-004	Transfers and Fund Balance	Not Repeated
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During the previous audit, transfer in and transfer out accounts were out of balance. In addition, FY17 beginning fund balance account balances did not agree with the FY16 ending fund balances.

During the current audit, ROE #26 consulted with an independent accountant to assist in the consolidation of the accounting records of Regional Office of Education #22 into the accounting records of ROE #26. During the current audit, we did not identify similar issues relating to transfer in, transfer out and fund balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

The Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information with the Regional Office of Education #26's financial statements, which follow.

2018 Financial Highlights

General Fund revenues decreased by \$75,013, from \$1,155,843 in fiscal year 2017 (FY17) to \$1,080,830 in fiscal year 2018 (FY18). The General Fund expenditures decreased by \$11,791, from \$1,239,971 in FY17 to \$1,228,180 in FY18. The Regional Office experienced a decrease in the General Fund's fund balance of \$706,668 in FY17 to \$559,318 in FY18. The decrease in revenues was due to decreases from local and federal sources, on-behalf payments, and investment earnings while state sources increased. The decrease in expenditures is among supplies and materials, pension expense, on-behalf payments and no capital outlay expense, with slight increases and decreases throughout all expenditures.

The Special Revenue Funds revenue increased by \$699,725, from \$1,652,446 in FY17 to \$2,352,171 in FY18. Expenditures increased by \$76,265 from \$2,003,552 in FY17 to \$2,079,817 in FY18. The increase in revenues resulted mainly from state source funding while the increase in expenditures was related mainly to increases in salaries and benefits and purchased services paid from these funds.

Using This Annual Report

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #26 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the nonmajor funds.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2018

Reporting the Regional Office of Education #26 as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #26 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office of Education #26’s assets, liabilities, and deferred inflow and outflows of resources. All of the current-year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Office’s net position and how it has changed. Net position—the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—is one way to measure the Office’s health.

- Over time, increases or decreases in the net position can be an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the Office’s overall health, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office’s funds, focusing on its most significant or “major” funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #26 established other funds to control and manage money for particular purposes.

- 1) Governmental funds account for a majority of the Office’s services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balance left at year end that is available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office’s programs. The Office’s governmental funds include the General Fund and the Special Revenue Funds.

The governmental funds’ required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

Reporting the Regional Office of Education #26 as a Whole (Concluded)

Fund Financial Statements (Concluded)

- 2) Proprietary funds account for services for which the Regional Office of Education #26 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

- 3) Fiduciary funds account for assets for which the Regional Office of Education #26 acts as fiscal agent for individuals and private or governmental organizations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements is included after each governmental fund financial statement.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office of Education #26's net position decreased by \$826,556, from \$787,129 in FY17 to (\$39,427) in FY18.

Net position related to the Education Fund and the Nonmajor Special Revenue Funds is considered restricted for educational purposes.

The analysis that follows provides a summary of the Office's net position at June 30, 2018 and 2017.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET POSITION

June 30, 2018 and 2017

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
ASSETS						
Current Assets	\$ 947,032	\$ 1,220,239	\$ 634,324	\$ 511,108	\$ 1,581,356	\$ 1,731,347
Noncurrent Assets						
Capital assets, net of depreciation	58,012	84,577	49,801	52,633	107,813	137,210
Net Pension Asset	207,852	-	-	-	207,852	-
TOTAL ASSETS	1,212,896	1,304,816	684,125	563,741	1,897,021	1,868,557
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	424,096	1,583,539	-	-	424,096	1,583,539
Deferred outflows related to OPEB	4,924	-	-	-	4,924	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	429,020	1,583,539	-	-	429,020	1,583,539
LIABILITIES						
Current Liabilities	198,600	237,286	580,449	445,988	779,049	683,274
Noncurrent Liabilities						
Compensated absences	80,096	98,091	-	-	80,096	98,091
OPEB liabilities	646,791	-	-	-	646,791	-
Net pension liability	137,427	258,434	-	-	137,427	258,434
TOTAL LIABILITIES	1,062,914	593,811	580,449	445,988	1,643,363	1,039,799
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	608,051	1,625,168	-	-	608,051	1,625,168
Deferred inflows related to OPEB	114,054	-	-	-	114,054	-
TOTAL DEFERRED INFLOWS OF RESOURCES	722,105	1,625,168	-	-	722,105	1,625,168
NET POSITION						
Invested in capital assets, net of related debt	58,012	84,577	49,801	52,633	107,813	137,210
Restricted - other	396,966	276,285	-	-	396,966	276,285
Unrestricted	(598,081)	308,514	53,875	65,120	(544,206)	373,634
TOTAL NET POSITION	\$ (143,103)	\$ 669,376	\$ 103,676	\$ 117,753	\$ (39,427)	\$ 787,129

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

Government-Wide Financial Analysis (Concluded)

The following analysis shows the changes in net position for the years ended June 30, 2018 and 2017.

CHANGES IN NET POSITION

For the Years Ended June 30, 2018 and 2017

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2018	2017
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Operating grants & contributions	\$ 2,265,046	\$ 1,624,309	\$ -	\$ -	\$ 2,265,046	\$ 1,624,309
Charges for services	-	-	719,616	1,004,704	719,616	1,004,704
General revenues:						
Local sources	464,456	509,906	-	-	464,456	509,906
State sources	81,184	796,725	-	-	81,184	796,725
On-behalf payments - State	718,209	747,582	-	-	718,209	747,582
Transfers	-	28,071	-	(28,071)	-	-
Investment income	1,136	1,396	-	-	1,136	1,396
Total Revenues	<u>3,530,031</u>	<u>3,707,989</u>	<u>719,616</u>	<u>976,633</u>	<u>4,249,647</u>	<u>4,684,622</u>
Expenses:						
Salaries & benefits	1,930,354	1,931,291	48,756	32,353	1,979,110	1,963,644
Purchased services	627,755	509,858	57,253	59,147	685,008	569,005
Supplies and materials	118,452	139,223	619,368	640,816	737,820	780,039
Depreciation	18,583	20,922	2,832	3,016	21,415	23,938
Other objects	12,963	6,586	-	-	12,963	6,586
Pension expense (benefit)	(108,109)	(302,741)	5,484	2,629	(102,625)	(300,112)
OPEB expense	39,739	-	-	-	39,739	-
Payments to other governments	262,911	286,479	-	-	262,911	286,479
On-behalf payments - State	718,209	747,582	-	-	718,209	747,582
Total Expenses	<u>3,620,857</u>	<u>3,339,200</u>	<u>733,693</u>	<u>737,961</u>	<u>4,354,550</u>	<u>4,077,161</u>
Change in net position	(90,826)	368,789	(14,077)	238,672	(104,903)	607,461
Net position - Beginning (Restated)	<u>(52,277)</u>	<u>300,587</u>	<u>117,753</u>	<u>(120,919)</u>	<u>65,476</u>	<u>179,668</u>
Net position - Ending	<u>\$ (143,103)</u>	<u>\$ 669,376</u>	<u>\$ 103,676</u>	<u>\$ 117,753</u>	<u>\$ (39,427)</u>	<u>\$ 787,129</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Governmental Activities

For FY18, revenues for governmental activities were \$3,530,031 and expenditures were \$3,620,857. Revenues decreased and expenditures increased from FY17. Even though there was an increase in Operating Grants and Contributions, there were less State Source and on-behalf payment revenues. The increase in expenses is mainly due to purchased services.

Business-Type Activities

Combined revenue and expense for the Regional Office of Education #26's business-type activities decreased net position to (\$14,077). The decrease in net position was due to a decrease in fees for services.

Financial Analysis of the Regional Office of Education #26 Funds

As previously noted, the Regional Office of Education #26 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$680,838 in FY18 and \$555,834 in FY17, an increase of \$125,004 (22%). The Regional Office's proprietary funds' net position was \$103,676 in FY18 and \$117,753 in FY17, a decrease of \$14,077 (12%).

Governmental Fund Highlights

Revenues for governmental funds were \$3,433,001 and expenditures were \$3,307,997 in FY18. Both increased from FY17, primarily due to:

- An improvement in timely payments of FY18 Governmental Revenue funds from the State. As of June 30, 2018, the ROE received approximately 82% of owed FY18 funds.
- Additional expenses because of salary and benefit increases.

Proprietary Fund Highlights

Revenues for proprietary funds were \$719,616 and expenses were \$733,693 in FY18. The decrease in revenues from FY18 were mainly attributable to a decrease in fees for services in the programs. Expenses decreased slightly in FY18 which were related to less supplies and materials ordered by the entities that were serviced by the Western Area Purchasing Coop.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

Budgetary Highlights

The Office annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles when required by the granting agency. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. Schedules showing the budget amounts compared to the Office's actual financial activity are included in supplementary information of this report.

Capital Assets

The beginning value of capital assets decreased during FY18. New asset additions totaled \$1,115 in FY18 and depreciation expense totaled \$21,415.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #26 was aware of several existing circumstances that could affect its financial condition in the future:

- With the State of Illinois in the midst of an unprecedented financial crisis, the status of grant funding for the upcoming fiscal year is still questionable.
- As costs for consumers rise (energy, maintenance, etc.), there will be increasing demands for employees to have raises that match or exceed past practices. These will be difficult to honor as the four counties encompassed by the new Regional Office of Education #26 are burdened with considerable financial challenges.
- ROE #26, along with the State ROE Association, is working to legislatively adjust future revenue projections. ROE #26 is considering ways to adjust expenditures.
- All ROE's are anticipating much higher accountability standards due to Grant Accountability and Transparency Act (GATA) in order to comply with requirements.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #26, 130 South Lafayette Street, Suite 200, Macomb, IL 61455.

BASIC FINANCIAL STATEMENTS

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 597,248	\$ 53,875	\$ 651,123
Due from other governments			
Local	19,080	409,698	428,778
State	249,028	-	249,028
Federal	79,288	-	79,288
Inventory	-	170,751	170,751
Prepaid expenses	2,388	-	2,388
Total current assets	<u>947,032</u>	<u>634,324</u>	<u>1,581,356</u>
Noncurrent Assets:			
Capital assets, net of depreciation	58,012	49,801	107,813
Net pension asset	207,852	-	207,852
Total Noncurrent Assets	<u>265,864</u>	<u>49,801</u>	<u>315,665</u>
TOTAL ASSETS	<u>1,212,896</u>	<u>684,125</u>	<u>1,897,021</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	424,096	-	424,096
Deferred outflows related to OPEB	4,924	-	4,924
Total Deferred Outflows of Resources	<u>429,020</u>	<u>-</u>	<u>429,020</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	35,386	409,698	445,084
Accrued expenses	84,459	-	84,459
Due to other governments: Local	-	170,751	170,751
Unearned revenue	78,755	-	78,755
Total current liabilities	<u>198,600</u>	<u>580,449</u>	<u>779,049</u>
Noncurrent Liabilities:			
Compensated absences	80,096	-	80,096
OPEB liabilities	646,791	-	646,791
Net pension liability	137,427	-	137,427
Total Noncurrent Liabilities	<u>864,314</u>	<u>-</u>	<u>864,314</u>
TOTAL LIABILITIES	<u>1,062,914</u>	<u>580,449</u>	<u>1,643,363</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	608,051	-	608,051
Deferred inflows related to OPEB	114,054	-	114,054
Total Deferred Inflows of Resources	<u>722,105</u>	<u>-</u>	<u>722,105</u>
NET POSITION			
Net Investment in capital assets	58,012	49,801	107,813
Restricted-other	396,966	-	396,966
Unrestricted	(598,081)	53,875	(544,206)
TOTAL NET POSITION	<u>\$ (143,103)</u>	<u>\$ 103,676</u>	<u>\$ (39,427)</u>

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,930,354	\$ -	\$ 1,441,385	\$ (488,969)	\$ -	\$ (488,969)
Purchased services	627,755	-	399,880	(227,875)	-	(227,875)
Supplies and materials	118,452	-	94,844	(23,608)	-	(23,608)
Other objects	12,963	-	-	(12,963)	-	(12,963)
Depreciation expense	18,583	-	-	(18,583)	-	(18,583)
Capital outlay	-	-	1,242	1,242	-	1,242
Pension expense (benefit)	(108,109)	-	64,508	172,617	-	172,617
OPEB expense	39,739	-	-	(39,739)	-	(39,739)
Intergovernmental:						
Payments to other governments	262,911	-	263,187	276	-	276
Administrative:						
On-behalf payments - State	718,209	-	-	(718,209)	-	(718,209)
Total Governmental Activities	<u>3,620,857</u>	<u>-</u>	<u>2,265,046</u>	<u>(1,355,811)</u>	<u>-</u>	<u>(1,355,811)</u>
Business-type Activities:						
Fees for services	733,693	719,616	-	-	(14,077)	(14,077)
Total Business-type Activities	<u>733,693</u>	<u>719,616</u>	<u>-</u>	<u>-</u>	<u>(14,077)</u>	<u>(14,077)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,354,550</u>	<u>\$ 719,616</u>	<u>\$ 2,265,046</u>	<u>\$ (1,355,811)</u>	<u>\$ (14,077)</u>	<u>\$ (1,369,888)</u>
		GENERAL REVENUES:				
				464,456	-	464,456
				81,184	-	81,184
				718,209	-	718,209
				1,136	-	1,136
				<u>1,264,985</u>	<u>-</u>	<u>1,264,985</u>
		CHANGES IN NET POSITION			(14,077)	(104,903)
		NET POSITION - BEGINNING			117,753	65,476
		(Restated - See Note 14)				
		NET POSITION - ENDING			<u>\$ 103,676</u>	<u>\$ (39,427)</u>

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 331,200	\$ 82,799	\$ 183,249	\$ -	\$ 597,248
Due from other funds	537,111	-	-	(537,111)	-
Due from other governments:					
Local	19,080	-	-	-	19,080
State	-	249,028	-	-	249,028
Federal	-	79,288	-	-	79,288
Prepaid expenses	2,388	-	-	-	2,388
TOTAL ASSETS	<u>\$ 889,779</u>	<u>\$ 411,115</u>	<u>\$ 183,249</u>	<u>\$ (537,111)</u>	<u>\$ 947,032</u>
LIABILITIES					
Accounts payable	\$ -	\$ 35,386	\$ -	\$ -	\$ 35,386
Accrued expenses	33,442	51,017	-	-	84,459
Due to other funds	297,019	240,092	-	(537,111)	-
Unearned revenue	-	78,755	-	-	78,755
Total Liabilities	<u>330,461</u>	<u>405,250</u>	<u>-</u>	<u>(537,111)</u>	<u>198,600</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	67,594	-	-	67,594
FUND BALANCE (DEFICIT)					
Nonspendable	(2,388)	-	-	-	(2,388)
Restricted	-	21,853	183,249	-	205,102
Unassigned	561,706	(83,582)	-	-	478,124
Total Fund Balance (Deficit)	<u>559,318</u>	<u>(61,729)</u>	<u>183,249</u>	<u>-</u>	<u>680,838</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 889,779</u>	<u>\$ 411,115</u>	<u>\$ 183,249</u>	<u>\$ (537,111)</u>	<u>\$ 947,032</u>

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

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2018**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 680,838

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 58,012

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred inflows of resources in the governmental funds.
Current year unavailable revenue 67,594

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:

Deferred outflows of resources - pension	\$ 424,096	
Deferred inflows of resources - pension	(608,051)	
Deferred outflows of resources - OPEB	4,924	
Deferred inflows of resources - OPEB	<u>(114,054)</u>	(293,085)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Liability for compensated absences	\$ (80,096)	
IMRF net pension asset	207,852	
TRS net pension liability	(137,427)	
OPEB liabilities	<u>(646,791)</u>	<u>(656,462)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (143,103)

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 377,592	\$ 36,984	\$ 49,880	\$ -	\$ 464,456
State sources	425,975	2,028,818	1,386	-	2,456,179
On-behalf payments - State	261,654	-	-	-	261,654
Federal sources	14,734	234,842	-	-	249,576
Investment earnings	875	-	261	-	1,136
Total revenues	<u>1,080,830</u>	<u>2,300,644</u>	<u>51,527</u>	<u>-</u>	<u>3,433,001</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	660,380	1,280,235	7,734	-	1,948,349
Pension expense	22,413	55,867	691	-	78,971
OPEB expense	4,924	-	-	-	4,924
Purchased services	256,076	337,728	33,951	-	627,755
Supplies and materials	21,396	89,740	7,316	-	118,452
Other objects	1,337	2,390	139	-	3,866
On-behalf payments - State	261,654	-	-	-	261,654
Intergovernmental:					
Payments to other governments	-	262,911	-	-	262,911
Capital outlay	-	1,115	-	-	1,115
Total Expenditures	<u>1,228,180</u>	<u>2,029,986</u>	<u>49,831</u>	<u>-</u>	<u>3,307,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>(147,350)</u>	<u>270,658</u>	<u>1,696</u>	<u>-</u>	<u>125,004</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	(50,865)	-	-	50,865	-
Transfers out	50,865	-	-	(50,865)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(147,350)	270,658	1,696	-	125,004
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>706,668</u>	<u>(332,387)</u>	<u>181,553</u>	<u>-</u>	<u>555,834</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 559,318</u>	<u>\$ (61,729)</u>	<u>\$ 183,249</u>	<u>\$ -</u>	<u>\$ 680,838</u>

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
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 BALANCE - GOVERNMENTAL FUNDS \$ 125,004

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

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. Loss on capital assets retired are not recorded in governmental funds but reported as other expenses in the Statement of Activities.

Capital outlay	\$ 1,115	
Disposal of assets, net	(9,097)	
Depreciation expense	<u>(18,583)</u>	(26,565)

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Prior year unavailable revenue	\$ (427,119)	
Current year unavailable revenue	<u>67,594</u>	(359,525)

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

Change in compensated absences		17,995
--------------------------------	--	--------

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

Cost of pension benefits earned, net	\$ 187,080	
Cost of OPEB benefits earned, net	<u>(34,815)</u>	<u>152,265</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (90,826)

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities		Total
	Enterprise Funds		
	Western Area Purchasing Co-Op	Nonmajor Enterprise Funds	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 45,677	\$ 8,198	\$ 53,875
Due from other governments			
Local	409,698	-	409,698
Inventory	170,751	-	170,751
Total current assets	<u>626,126</u>	<u>8,198</u>	<u>634,324</u>
Noncurrent assets:			
Capital assets, being depreciated, net	<u>49,801</u>	<u>-</u>	<u>49,801</u>
TOTAL ASSETS	<u>675,927</u>	<u>8,198</u>	<u>684,125</u>
LIABILITIES			
Current liabilities:			
Due to other governments - Local	170,751	-	170,751
Accounts payable	<u>409,698</u>	<u>-</u>	<u>409,698</u>
TOTAL LIABILITIES	<u>580,449</u>	<u>-</u>	<u>580,449</u>
NET POSITION			
Net investment in capital assets	49,801	-	49,801
Unrestricted	<u>45,677</u>	<u>8,198</u>	<u>53,875</u>
TOTAL NET POSITION	<u>\$ 95,478</u>	<u>\$ 8,198</u>	<u>\$ 103,676</u>

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

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities Enterprise Funds		Totals
	Western Area Purchasing Co-Op	Nonmajor Enterprise Funds	
OPERATING REVENUES			
Fees for services	\$ 672,087	\$ 47,529	\$ 719,616
Total Operating Revenues	<u>672,087</u>	<u>47,529</u>	<u>719,616</u>
OPERATING EXPENSES			
Salaries and benefits	29,098	15,606	44,704
Pension expense	5,484	-	5,484
OPEB expense	4,052	-	4,052
Purchased services	16,175	41,078	57,253
Supplies and materials	619,368	-	619,368
Depreciation	<u>2,737</u>	<u>95</u>	<u>2,832</u>
Total operating expenses	<u>676,914</u>	<u>56,779</u>	<u>733,693</u>
OPERATING LOSS	(4,827)	(9,250)	(14,077)
NET POSITION - BEGINNING	<u>100,305</u>	<u>17,448</u>	<u>117,753</u>
NET POSITION - ENDING	<u>\$ 95,478</u>	<u>\$ 8,198</u>	<u>\$ 103,676</u>

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities Enterprise Funds		Totals
	Western Area Purchasing Co-Op	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 706,297	\$ 47,529	\$ 753,826
Payments to suppliers and providers of goods and services	(669,753)	(41,078)	(710,831)
Payments to employees	(38,634)	(15,606)	(54,240)
Net cash used for operating activities	<u>(2,090)</u>	<u>(9,155)</u>	<u>(11,245)</u>
Cash Flows from Noncapital Financing Activities:			
Interfund borrowing, net	47,767	12,612	60,379
Net cash provided by noncapital financing activities	<u>47,767</u>	<u>12,612</u>	<u>60,379</u>
Net increase in cash and cash equivalents	45,677	3,457	49,134
Cash and cash equivalents - Beginning	-	4,741	4,741
Cash and cash equivalents - Ending	<u>\$ 45,677</u>	<u>\$ 8,198</u>	<u>\$ 53,875</u>
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (4,827)	\$ (9,250)	\$ (14,077)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	2,737	95	2,832
(Increase)/Decrease in assets:			
Due from other governments	34,210	-	34,210
Inventory	(168,671)	-	(168,671)
Increase/(Decrease) in liabilities:			
Accounts payable	(34,210)	-	(34,210)
Due to other governments	168,671	-	168,671
Net cash used for operating activities	<u>\$ (2,090)</u>	<u>\$ (9,155)</u>	<u>\$ (11,245)</u>

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 101,282
Due from other governments	<u>1,561,070</u>
TOTAL ASSETS	<u><u>\$ 1,662,352</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,662,352</u>
TOTAL LIABILITIES	<u><u>\$ 1,662,352</u></u>

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

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the Regional Office of Education #26 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 inflow 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 #26.

A. DATE OF MANAGEMENT’S REVIEW

The Regional Office of Education #26 has evaluated subsequent events through September 30, 2019, the date when the financial statements were available to be issued.

B. 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; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping the reports and statements returned by school treasurers and trustees.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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 #26'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 treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within his or her 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 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 #26 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 #26. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #26 reporting entity includes all related organizations for which they exercise oversight responsibility.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

The Regional Office of Education #26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #26, 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 #26 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 blended component unit described below is included in the Regional Office of Education #26's reporting entity because of the significance of its operational or financial relationship with the Regional Office of Education #26.

Western Area Purchasing Co-op is a joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the co-op, which accumulates the orders and purchases large quantities for distribution to the districts. The purchasing co-op is a discretionary enterprise fund.

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifestation of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #26 does not control their assets, operations, or management. In addition, the Regional Office of Education #26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #26 being considered a component unit of any other entity.

D. 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 #26's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #26 has three business-type activities that rely on fees and charges for support.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Regional Office of Education #26's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #26 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #26's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

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 between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund 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, activities between governmental funds 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements 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 modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for long-term obligations, which are recognized when paid.

Revenues received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds' financial statements focus on the measurement of spending, or "financial flow," and the determination of changes in financial position, rather than upon net income determination. This means that only current assets (including deferred outflows of resources) and current liabilities (including deferred inflows of resources) 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 #26; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #26 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #26's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING

The Regional Office of Education #26 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 #26 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for 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 #26 has presented all major funds that met the above qualifications. The Regional Office of Education #26 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

County – Used to account for funds provided by the Boards of Fulton, Hancock, McDonough, and Schuyler counties for general office operation and maintenance.

Regional Programs – Accounts for the cost of operating certain programs not paid for through special revenues or County funds.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Continued)

Interest – Used to account for interest earned on the Distributive Fund for the mutual benefit of each school district in the Regional Office’s educational service region.

Alternative Schools – Used to account for State revenues and expenditures paid to provide an alternative education program to students in the Regional Office’s educational service region.

Edgenuity – Used to account for local fees associated with the Regional Office’s Edgenuity project, which provides Alternative Schools’ students with access to online curricula.

Online Clearing – Accounts for revenue from online payments for the Institute, GED, Bus Driver, and other special revenue funds using the new State online payment system.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted or committed 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:

Child and Family Connections (Special Education—Grants for Infants and Families) – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

Education Funds (Continued)

Family Violence – Used to account for State and federal grant proceeds to support the activities of the local Family Violence Coordinating Council. The purpose of the Family Violence Coordinating Councils, at both the State and local/circuit level, is to establish a forum to improve the institutional, professional, and community response to family violence including child abuse, domestic abuse, and elder abuse; to engage in education and prevention; the coordination of intervention and services for victims and perpetrators; and to contribute to the improvement of the legal system and the administration of justice.

Hearing/Vision Screening – Used to account for a hearing screenings program funded through the Illinois Department of Public Aid.

Local Donations – Used to account for donations given to assist the McKinney Education for Homeless Children Grant and the Child and Family Connections Grant.

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

New Principal Mentoring – A program that provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principal's participation in the mentoring program designed for them.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional Safe Schools Cooperative – This program provides support for the individual needs and learning styles of students while focusing on twelve employability skills recognized by adult service agencies.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

Education Funds (Continued)

ROE Technology Maintenance – Used to account for revenues and expenditures of the ISBE Technology Maintenance grant program.

Teen Court Donations – Used to account for donations received for the completion of a handicapped-accessible deck located in the Teen Court Community Garden.

Teen Court Fines – Used to account for donations from fines in McDonough County to support a program in which teens participate in community service held in the Teen Court Community Garden.

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #26 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Truants Alternative Optional Education – Used to account for State grant revenues and expenditures to provide tutoring services and to encourage students to stay in school.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Special Revenue Funds (Concluded)

Education Funds (Concluded)

Truants Alternative Optional Education Program Training – Used to account for State grant proceeds expended to train individuals in Truants Alternative Education.

United Way – Used to account for funding from local United Way for child birth classes and materials.

ROE/ISC Operations – Used to develop and implement a regional improvement plan.

Early Childhood Prevention Initiative – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

The Regional Office of Education #26 reports the following nonmajor special revenue funds:

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees for teaching licenses and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #26 reports the following major proprietary fund:

Western Area Purchasing Co-op – A joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the Co-op, which accumulates the orders and purchases large quantities for distribution to the districts. As noted previously, the Purchasing Co-op is a discretionary enterprise fund.

The Regional Office of Education #26 reports the following nonmajor proprietary funds:

Workshop Fund – Accounts for all activity for workshops managed by the Regional Office.

Fingerprinting Fund – Accounts for the activity for fingerprinting services.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #26 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund – The resources in this fund are received by and passed through the Regional Office from the State to their owners. Entities whose resources are received by and passed through the Distributive Fund include the Western Area Career System, West Central Illinois Special Ed, and the Regional Office of Education #26.

Administrators' Roundtable – This fund accounts for the activities of a group of area educational administrators partnering with Western Illinois University's Education Leadership Department. Monies are used to enhance district resources by providing an opportunity for administrators to receive and discuss information related to significant issues in the State and Region.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

Area III Superintendents – Accounts for collective activities of all the Area III regional superintendents. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Hancock County Principals – Accounts for collective activities of all the Hancock County school principals. Fees are used to provide meetings and seminars for disseminating current information on administration issues.

Regional Board of School Trustees – Accounts for the marketing and disposal of school properties belonging to local education agencies and for expenses related to detachment petitions.

School Occupation Facility Tax – This fund accounts for the assets held by the Regional Office of Education #26 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.

Western Area Career System (WACS) – This system is housed within the Regional Office of Education #26's office and shares the same phone system, copier, etc. The Regional Office of Education records the WACS' phone and copier usage and appropriately charges WACS monthly for the usage.

I. GOVERNMENTAL FUND BALANCES

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

Non-spendable Fund Balance – The portion of a governmental fund's net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The following General Fund has a non-spendable fund balance: Regional Programs.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education Fund accounts’ fund balances are restricted by donor restrictions, grant agreements, or contracts: Family Violence, Hearing/ Vision Screening, Local Donations, ROE Technology Maintenance, Teen Court Donations, Title I – Foundational Services, and United Way. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds.

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 #26 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #26 has no assigned fund balances.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #26 has unassigned fund balances in the following General Fund accounts: County, Regional Programs, Interest, Alternative Schools, Edgenuity, and Online Clearing. The following Education Funds have unassigned fund deficits: Early Childhood Grant, Early Childhood Block Grant, McKinney Education for Homeless Children, Title II – Teacher Quality, Regional Safe Schools Cooperative, Truants Alternative Optional Education, and Early Childhood Prevention Initiative.

J. NET POSITION

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

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION (Concluded)

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

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

K. CASH AND CASHEQUIVALENTS

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education #26 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

Inventories are carried at the lower of cost or market, cost being determined on the first-in, first-out (FIFO) method. Inventory consists of paper and other school supplies held for distribution to school districts.

M. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed less than 5 years, 15 days for full-time staff employed between 5 and 14 years, and 20 days for full-time staff employed 15 years or more. An employee may accumulate up to the number of vacation days earned in two years before accrual ceases. On termination, any accumulated vacation is treated as unused sick leave when calculating length of service for pension purposes, if applicable, but is not paid. Any accruals as of June 30th are reported as a liability for compensated absences in the Statement of Net Position. At June 30, 2018, the balance of compensated absences was \$80,096, a decrease of \$17,995 from the previous fiscal year.

	Balance	Increases	Decreases	Balance
	July 1, 2017	Increases	Decreases	June 30, 2018
Compensated Absences	\$ 98,091	\$ -	\$ 17,995	\$ 80,096

A full-time employee is entitled to two personal leave days per year. These days must be used in the fiscal year and may not accumulate from year to year.

Eligible employees receive up to 12 sick days annually. A maximum of 240 days of sick leave may be accumulated by permanent full-time employees, but no payment is made for unused sick leave when a person leaves his or her position. Therefore, no liability for unused sick leave is accrued.

O. 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the Regional Office of Education #26's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Regional Office of Education #26's OPEB Plan and additions to/deductions from the Regional Office of Education #26's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #26's Plan. For this purpose, the Regional Office of Education #26's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education #26's OPEB liability, deferred outflows or resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

Q. BUDGET INFORMATION

The Regional Office of Education #26 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Child and Family Connections, Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), McKinney Education for Homeless Children (18- 4920), Regional Safe Schools, Regional Safe Schools Cooperative, Title II – Teacher Leadership, Truants Alternative Optional Education, Truants Alternative Optional Education Program Training (16-3695-PD), Truants Alternative Optional Education Program Training (17-3695-PD), Truants Alternative Optional Education Program Training (18-3695-PD), ROE/ISC Operations, and Early Childhood Prevention Initiative.

R. 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 expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

R. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (Concluded)

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #26 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

A. DEPOSITS

At June 30, 2018, the carrying amount of the Regional Office of Education #26's government-wide and agency fund deposits were \$651,123 and \$101,282, respectively, and the bank balances were \$806,734 and \$51,685, respectively. Of the total bank balances as of June 30, 2018, \$250,000 was secured by federal depository insurance and \$608,419 was collateralized by securities pledged by the Regional Office of Education #26's financial institution on behalf of the Regional Office. In addition, \$1,858 was invested in the Illinois Funds Money Market Fund.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #26 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2018, the Regional Office of Education #26 had investments with carrying value of \$1,858 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 provision 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.

NOTE 3 – SHORT-TERM DEBT

The Regional Office of Education #26 obtained a short-term loan from a local bank to cover cash shortages created when program expenditures occurred before grant payments were received from the State. The note was secured by grant funds from the General Funds. The note issued on June 22, 2017 had an interest rate of 4.5% and an original maturity date of November 2, 2017. This note, which has cash available when needed, was renewed for an additional year through November 2, 2018.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 3 – SHORT-TERM DEBT (Concluded)

The short-term debt activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Notes Payable	\$ 75,000	\$ -	\$ 75,000	\$ -

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF) Plan Description

The Regional Office of Education #26’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 #26’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 following “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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Concluded)

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:

	IMRF
Retirees and Beneficiaries currently receiving benefits	28
Inactive Plan Members entitled to but not yet receiving benefits	28
Active Plan Members	20
Total	76

Contributions

As set by statute, the Regional Office of Education #26’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 #26’s annual contribution rate for calendar year 2017 was 9.28%. For the calendar year ended 2017, the Regional Office of Education #26 contributed \$72,114 to the plan. The Regional Office of Education #26 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.

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REGIONAL OFFICE OF EDUCATION #26
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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The Regional Office of Education #26'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.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) 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.
- 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.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Concluded)

- 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>
Equities	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	1%	2.25%
Total	<u>100%</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:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. 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%.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 3,374,715	\$ 3,186,444	\$ 188,271
Changes for the year:			
Service Cost	79,094	-	79,094
Interest on the Total Pension Liability	252,866	-	252,866
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(116,116)	-	(116,116)
Changes of Assumptions	(88,793)	-	(88,793)
Contributions - Employer	-	72,114	(72,114)
Contributions - Employees	-	38,484	(38,484)
Net Investment Income	-	544,474	(544,474)
Benefit Payments, including Refunds of Employee Contributions	(89,109)	(89,109)	-
Other (Net Transfer)	-	(131,898)	131,898
Net Changes	37,942	434,065	(396,123)
Balances at December 31, 2017	\$ 3,412,657	\$ 3,620,509	\$ (207,852)

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%)
Net Pension Liability (Asset)	\$ 255,359	\$ (207,852)	\$ (588,072)

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REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

For the year ending June 30, 2018, the Regional Office of Education #26 recognized pension income of \$42,194. At June 30, 2018, the Regional Office of Education #26 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>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 210,998	\$ 68,691
Changes of assumptions	-	51,708
Net difference between projected and actual earnings on pension plan investments	<u>58,479</u>	<u>248,454</u>
Total Deferred Amounts to be recognized in pension expense in future periods	269,477	368,853
Pension Contributions made subsequent to the Measurement Date	<u>43,046</u>	-
Total Deferred Amounts Related to Pensions	<u>\$ 312,523</u>	<u>\$ 368,853</u>

\$43,046 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. 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 Outflows/ (Inflows) of Resources</u>
2018	\$ 77,791
2019	(59,200)
2020	(55,855)
2021	(62,112)
2022	-
Thereafter	-
Total	<u>\$ (99,376)</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #26 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.gov/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 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 – 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 Regional Office of Education #26.

On-behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #26. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #26 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #26, and the Regional Office of Education #26 recognized revenue and expenditures of \$399,003 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 \$3,252, 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 #26, there is a statutory requirement for the Regional Office of Education #26 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
(Continued)

Federal and Special Trust Fund Contributions (Concluded).

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contributions 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, 2017, salaries totaling \$32,967 were paid from federal and special trust funds that required employer contributions of \$3,330. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

Employer Retirement Cost Contributions.

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #26 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 program that ended on June 30, 2016 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 #26 paid no employer ERO contributions.

The Regional Office of Education #26 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 #26 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the Regional Office of Education #26 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.

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REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 – 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 (Concluded)

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 follow:

Employers proportionate share of the net pension liability	\$	137,427
State’s proportionate share of the net pension liability associated with the employer		4,054,283
Total	\$	4,191,710

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 #26’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 Regional Office of Education #26’s proportion was .00017988 percent, which was an increase of .000091 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education #26 recognized pension expense of \$399,003 and revenue of \$399,003 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #26 recognized pension income of \$56,827. At June 30, 2018, the Regional Office of Education #26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,493	\$ 63
Net difference between projected and actual earnings on pension plan investments	94	-
Changes in assumptions	9,172	3,949
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,232	235,186
Employer contributions subsequent to the measurement date	6,582	-
Total	\$ 111,573	\$ 239,198

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

(Continued)

\$6,582 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:

Year Ending June 30	
2019	\$ (68,026)
2020	(34,323)
2021	(34,387)
2022	919
2023	1,610
	\$ (134,207)

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 percent
Salary Increase	Varies by amount of service credit
Investment rate of return	7.00 percent, 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 30, 2016 actuarial valuation.

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:

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
(Continued)

<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 funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	100.0%	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was 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. 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.

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 because TRS’s fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

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REGIONAL OFFICE OF EDUCATION #26
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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
(Concluded)

Sensitivity of the Regional Office of Education #26’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Regional Office of Education #26’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer’s proportionate share of the net pension liability	\$ 168,847	\$ 137,427	\$ 111,691

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*.

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND

THIS Plan Description

The Regional Office of Education #26 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

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NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. TEACHERS' HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

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

On-Behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #26. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #26 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education #26, and recognized revenue and expenditures of \$57,552 in OPEB contributions from the State of Illinois.

Employer Contributions to the THIS Fund

The Regional Office of Education #26 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education #26 paid \$4,924 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office paid \$4,599 and \$4,748 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

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NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement date, 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 annuitant’s mortality rates were based on the RP-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 bond 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).

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Single Discount Rate (Concluded)

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.

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

The following presents the Regional Office of Education #26’s proportionate share of the collective net OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the ROE’s proportionate of the collective net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.56%) or lower (2.56%) 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	\$ 741,116	\$ 617,612	\$ 518,767

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

The following presents the Regional Office of Education #26’s proportionate share of the collective net OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE’s proportionate of the collective net 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 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

Sensitivity of Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Concluded)

	1% Decrease (a)	Healthcare Cost Trend Rates	1% Increase (b)
Employer’s proportionate share of the collective net OPEB liability	\$ 498,466	\$ 617,612	\$ 788,596

(a) 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.

(b) 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.

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

At June 30, 2018, the Regional Office of Education #26 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education #26.

The amount recognized by the Regional Office of Education #26 as its proportionate share of the net OPEB liability, the related State support, and the total proportion of the net OPEB liability that was associated with the Regional Office of Education #26 were as follows:

Employers proportionate share of the net OPEB liability	\$ 617,612
State’s proportionate share of the net OPEB liability associated with the employer	811,048
Total	\$ 1,428,660

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 and rolled forward to the June 30, 2017 measurement date.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Continued)

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

The Regional Office of Education #26’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #26’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #26, actuarially determined. At June 30, 2017, the ROE’s proportion was 0.002380%, which was a decrease of 0.000168% from its proportion measured as of June 30, 2016 of 0.002548%. The State’s support and total are for disclosure purposes only.

For the year ended June 30, 2018, the Regional Office of Education #26 recognized OPEB expense of \$57,552 and revenue of \$57,552 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #26 recognized OPEB expense of \$39,739. At June 30, 2018, the Regional Office of Education #26 had no deferred outflows of resources and \$114,054 of deferred inflows of resources related to OPEB.

At June 30, 2018, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 350
Net difference between projected and actual earnings on pension plan investments	-	7
Changes in assumptions	-	73,535
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	40,162
Employer contributions subsequent to the measurement date	4,924	-
Total	\$ 4,924	\$ 114,054

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

A. TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND (Concluded)

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

\$4,924 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education #26 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 and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education #26’s OPEB expense as follows in these reporting years:

Year Ending June 30	Net Deferred Outflows/ (Inflows) of Resources
2019	\$ (17,520)
2020	(17,520)
2021	(17,520)
2022	(17,520)
2023	(17,520)
Thereafter	(26,454)
Total	<u>\$ (114,054)</u>

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.

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN

Plan Description

The Regional Office of Education #26 provides a single-employer defined benefit OPEB plan by participating in the Western Area School Health Benefit Plan (the WAS Plan) as a member of the Western Area School Association. Benefit terms can be amended by WAS at any time. All full time, permanent employees and their spouses are eligible to participate in the plan and have the option to continue participation upon retirement. The WAS Plan is funded through the Western Area School Employee Benefit Trust, which is a trust that does not meet the criteria in paragraph 4 of statement 75 due to contributions made to the plan being revocable.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)

Benefits Provided

Benefits for the WAS Plan include Medical, prescription drug, dental and vision. The plans vary by deductible. Retirees and spouses pay the full monthly contribution rate for benefits.

Membership

At June 30, 2017 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	27
Total	<hr style="border: 0.5px solid black;"/> 27 <hr style="border: 0.5px solid black;"/>

Funding Policy and Contributions

Benefits are paid by the WAS Plan for Medical, prescription drug, dental and vision benefits as they occur. 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.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the June 30, 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.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)

Actuarial Assumptions

Discount Rate used for the Total OPEB Liability	3.56%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.56%
Premiums	Premiums charged for medical coverage of retiree and spouse are \$688 and \$818, respectively with a \$1,000 deductible. Premiums charged for medical coverage of retiree and spouse are \$661 and \$643, respectively with a \$2,000 deductible. Premiums charged for dental coverage of retiree and spouse are \$24 and \$21, respectively. Premiums charged for vision coverage of retiree and spouse are \$12 and \$4, respectively
Healthcare Trend Rates	Trend rates are based on review of actual Western Area School experience and projections of the Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Expenditure Projections 2017-2026, Table 3, Aggregate and per Capita Amounts, Percentage Distribution and Annual Percent Change by Source of Funds: Calendar Years 2010-2026. For fiscal years on and after 2018, trend starts at 8.0% and gradually decreases to an ultimate trend of 5.0% in 2023.

Mortality rates were based on the RP-2014 “Healthy Annuitants” Mortality Table with projected mortality.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at July 1, 2017	\$ 25,127
Changes for the period:	
Service Cost	3,049
Interest Cost	1,003
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	-
Net Changes	4,052
Balances at June 30, 2018	\$ 29,179

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56% which reflects the index rate for 20- year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Sensitivity of the Discount Rate

The following presents the Regional Office of Education #26’s total OPEB liability calculated using a discount rate of 3.56%, 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 lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
ROE’s Total OPEB Liability	\$ 35,142	\$ 29,179	\$ 24,464

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Concluded)

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN (Concluded)

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education #26’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 8.0% in 2018 decreasing to an ultimate trend rate of 5.0% in 2023.

	1% Decrease <i>(7.0% decreasing to 4.0%)</i>	Healthcare Cost Trend Rates <i>(8.0% decreasing to 5.0%)</i>	1% Increase <i>(9.0% decreasing to 6.0%)</i>
ROE’s Total			
OPEB Liability	\$ 24,683	\$ 29,179	\$ 34,730

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

For the year ended June 30, 2018, the Regional Office of Education #26 recognized OPEB expense of \$4,052. At June 30, 2018 the Regional Office of Education #26 had no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education #26 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 #26 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.

NOTE 8 – 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 Funds Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 8 – INTERFUND ACTIVITY (Concluded)

DUE TO/FROM OTHER FUNDS (Concluded)

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Funds		
County	\$ -	\$ 40,964
Regional Programs	-	256,055
Alternative Schools	537,111	-
Education Funds		
Child and Family Connections	-	74,565
Early Childhood Grant	-	44,196
Early Childhood Block Grant	-	26,439
McKinney Education for Homeless Children	-	67,937
Regional Safe Schools	-	6,000
Regional Safe Schools Cooperative	-	7,628
Title II - Teacher Leadership	-	500
Title II - Teacher Quality	-	1
Truants Alternative Optional Education	-	7,068
Early Childhood Prevention Initiative	-	5,758
	<u>\$ 537,111</u>	<u>\$ 537,111</u>

TRANSFERS

Interfund transfers in/out to other funds at June 30, 2018, consist of the following individual transfers in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Funds		
Edgenuity	\$ 50,865	\$ -
Alternative Schools	-	50,865
	<u>\$ 50,865</u>	<u>\$ 50,865</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 9 – OPERATING LEASES

The Regional Office of Education #26 leases classroom and office space from various parties. During the fiscal year 2018, the Regional Office of Education #26 leased classroom and office space located at 553 Main Street, Carthage, Illinois, from individuals for \$850 per month. The lease term began on August 1, 2014, and ended on July 31, 2015, but was renewed for the multiple periods including August 1, 2017 through July 31, 2018 at the same monthly rate.

The Regional Office of Education #26 also leased classroom space located at 20 W. Walnut, Canton, Illinois. The lease for the year ended June 30, 2018 was \$20,000. The lease was effective through June 30, 2018.

The Regional Office of Education #26 leases office space located on 341 South Johnson Street, Macomb, Illinois for \$2,500 per month. The lease term is from July 1, 2017, to June 30, 2019.

The Regional Office of Education #26 has a lease agreement from July 1, 2017 through June 30, 2020, for office space at 130 South Lafayette Street, Suite 200, Macomb, Illinois, for \$2,150 per month.

The Regional Office of Education #26 leased classroom space located at 23235 N. Co. Highway 22, Engle Hall/Room 117, Canton, Illinois. The lease for the year ended June 30, 2018 was \$4,000. The lease was effective through June 30, 2018.

The Regional Office leased office space located at 616 East Polk, Cuba, Illinois for \$200 per month. The lease ran from July 1, 2017 through June 30, 2018, with an option to renew yearly.

The Regional Office leased office space located at 500 Wabash, Carthage, Illinois for \$100 per month. This is a month-to-month lease that may be canceled with 30 days' notice.

Total lease expense for the year ended June 30, 2018 was \$93,600. Future minimum lease payments are as follows:

<u>Year Ending June 30</u>		
2019	\$	56,650
2020		25,800
2021		-
2022		-
2023		-
2024 and thereafter		-
Total	\$	<u>82,450</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #26 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets consist of buildings, software, and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	Balance			Balance
	June 30, 2017	Additions	Disposals	June 30, 2018
Governmental Activities:				
Software, Furniture and Equipment, and Building	\$ 251,163	\$ 1,115	\$ (10,438)	\$ 241,840
Governmental Activities Total Assets	251,163	1,115	(10,438)	241,840
Less Accumulated Depreciation	166,586	18,583	(1,341)	183,828
Governmental Activities				
Investment in Capital Assets, Net	\$ 84,577	\$ (17,468)	\$ (9,097)	\$ 58,012
 Business-type Activities:				
Building	\$ 76,596	\$ -	\$ -	\$ 76,596
Software, Furniture and Equipment	14,861	-	-	14,861
Business-type Activities Total Assets	91,457	-	-	91,457
Less Accumulated Depreciation	38,824	2,832	-	41,656
Business-type Activities				
Investment in Capital Assets, Net	\$ 52,633	\$ (2,832)	\$ -	\$ 49,801

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 \$18,583 and \$2,832 was charged to the governmental activities – Instructional Services and the 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.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018**

NOTE 11 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year:

	Balance			Balance
	July 1, 2017	Increases	Decreases	June 30, 2018
Compensated Absences	\$ 98,091	\$ -	\$ 17,995	\$ 80,096
Net Pension Liability - TRS	70,163	67,264	-	137,427
Net Pension Liability – IMRF	188,271	-	188,271	-
OPEB Liability – THIS*	696,526	-	78,914	617,612
OPEB Liability – WAS*	25,127	4,052	-	29,179
	<u>\$1,078,178</u>	<u>\$ 71,316</u>	<u>\$ 285,180</u>	<u>\$ 864,314</u>

* Restated beginning balance

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #26:

Regional Superintendent Salary	\$ 110,208
Assistant Regional Superintendent Salary	99,192
Regional Superintendent Benefits (includes State-paid insurance)	19,613
Assistant Regional Superintendent Benefits (includes State-paid insurance)	32,641
Total	<u>\$261,654</u>

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

Regional Office of Education #26 also recorded \$399,003 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense and \$57,552 in revenue and expenses as on-behalf payments from the THIS fund for the Regional Office of Education #26’s share of the OPEB expense in the Statement of Activities. In addition, the Regional Office of Education #26 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

Total on-behalf payments reported in the Statement of Activities follows:

State of Illinois on-behalf payments	\$ 261,654
ROE #26’s share of TRS pension expense	399,003
ROE #26’s share of THIS OPEB expense	57,552
Total	<u>\$718,209</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #26’s General Fund, Education Fund, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:	
<u>General Fund</u>	
Local Governments	\$ 19,080
<u>Education Fund</u>	
Illinois State Board of Education	243,451
Department of Human Services	84,865
<u>Proprietary Funds</u>	
Local Governments	409,698
<u>Fiduciary Funds</u>	
Illinois State Board of Education	1,561,070
Total	<u>\$ 2,318,164</u>

Due to Other Governments:	
<u>Proprietary Funds</u>	
Local Governments	\$ 170,751
<u>Fiduciary Funds</u>	
Local Governments	1,662,352
Total	<u>\$ 1,833,103</u>

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which over expend appropriations during the year they are required to be disclosed.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Concluded)

The following funds had fund deficits as of June 30, 2018:

<u>Fund</u>	<u>Amount</u>
Governmental Funds:	
General Funds	
County	\$ 40,964
Regional Programs	255,720
Total General Funds	<u>\$296,684</u>
Education Funds	
Early Childhood Grant	\$ 41,036
Early Childhood Block Grant	16,783
McKinney Education for Homeless Children	10,351
Regional Safe Schools Cooperative	3,818
Title II - Teacher Quality	1
Truants Alternative Optional Education	7,814
Early Childhood Prevention Initiative	3,779
Total Education Funds	<u>\$83,582</u>

NOTE 15 – PRIOR PERIOD ADJUSTMENT

As discussed in Note 1, the Regional Office of Education #26 restated its beginning net position balance from \$787,129 to \$65,476 to reflect the impact of the beginning OPEB liability as of the beginning of Fiscal Year 2018. This adjustment decreased net position (unrestricted) by \$721,653.

A reconciliation of net position reported in the prior period financial statements and as restated follows:

Net Position, beginning of year, as previously reported	\$ 787,129
Cumulative effect of change in accounting principle	
ROE Share of THIS Net OPEB liability	(696,526)
WAS Plan net OPEB liability	(25,127)
Net Position, beginning of year, as restated	<u>\$ 65,476</u>

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR CALENDAR YEARS
(UNAUDITED)

Calendar Year Ended December 31,	2017	2016	2015	2014*
Total Pension Liability				
Service Cost	\$ 79,094	\$ 80,033	\$ 153,971	\$ 83,338
Interest on the Total Pension Liability	252,866	257,216	229,588	171,386
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(116,116)	(302,162)	107,718	(18,897)
Changes of Assumptions	(88,793)	-	-	84,040
Benefit Payments, including Refunds of Employee Contributions	(89,109)	(96,141)	(75,704)	(84,570)
Net Change in Total Pension Liability	<u>\$ 37,942</u>	<u>\$ (61,054)</u>	<u>\$ 415,573</u>	<u>\$ 235,297</u>
Total Pension Liability - Beginning	<u>3,374,715</u>	<u>3,435,769</u>	<u>3,020,196</u>	<u>2,285,429</u>
Total Pension Liability - Ending (A)	<u><u>\$3,412,657</u></u>	<u><u>\$ 3,374,715</u></u>	<u><u>\$3,435,769</u></u>	<u><u>\$2,520,726</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 72,114	\$ 97,547	\$ 95,671	\$ 86,972
Contributions - Employees	38,484	39,097	41,338	33,791
Net Investment Income	544,474	(52,879)	334,849	137,716
Benefit Payments, including Refunds of Employee Contributions	(89,109)	(96,141)	(75,704)	(84,570)
Other (Net Transfer)	(131,898)	2,508	(47,116)	(1,818)
Net Change in Plan Fiduciary Net Position	<u>\$ 434,065</u>	<u>\$ (9,868)</u>	<u>\$ 349,038</u>	<u>\$ 172,091</u>
Plan Fiduciary Net Position - Beginning	<u>3,186,444</u>	<u>3,196,312</u>	<u>2,847,274</u>	<u>2,207,902</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$3,620,509</u></u>	<u><u>\$ 3,186,444</u></u>	<u><u>\$3,196,312</u></u>	<u><u>\$2,379,993</u></u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u><u>\$ (207,852)</u></u>	<u><u>\$ 188,271</u></u>	<u><u>\$ 239,457</u></u>	<u><u>\$ 140,733</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.09%	94.42%	93.03%	94.42%
Covered Payroll	\$ 777,091	\$ 766,881	\$ 760,063	\$ 662,005
Net Pension Liability as a Percentage of Covered Payroll	(26.75%)	24.55%	31.50%	21.26%

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.

* 2014 amounts represent Hancock/McDonough Counties only. Fulton and Schuyler Counties were consolidated in the Fulton/Hancock/McDonough/Schuyler Counties Educational Service Region effective July 1, 2015.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR CALENDAR YEARS
(UNAUDITED)**

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 72,114	\$ 72,114	-	\$ 777,091	9.28%
2016	97,547	97,547	-	766,881	12.72%
2015	95,670	95,671	(1)	760,063	12.59%
2014	82,874	86,972	(4,098)	662,005	13.14%

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.

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

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level Percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%, approximate; no explicit price inflation assumption is used in this valuation
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	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.
<i>Mortality:</i>	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 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.

Other Information:

Notes: 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2018 +
(UNAUDITED)

	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0001798824%	0.0088880000%	0.0004787691%	0.0004288104%
Employer's proportionate share of the net pension liability	\$ 137,427	\$ 70,163	\$ 313,642	\$ 260,967
State's proportionate share of the net pension liability associated with the employer	4,054,283	4,710,897	3,762,668	2,627,105
Total	\$ 4,191,710	\$ 4,781,060	\$ 4,076,310	\$ 2,888,072
Employer's covered payroll	\$ 547,484	\$ 593,491	\$ 440,045	\$ 431,540
Additional employer's covered payroll due to consolidation	-	-	127,241	-
Total Employer's covered payroll	\$ 547,484	\$ 593,491	\$ 567,286	\$ 431,540
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	25.1%	11.8%	55.3%	60.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

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

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2018 +
(UNAUDITED)**

	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 6,582	\$ 7,410	\$ 3,443	\$ 16,037	\$ 15,300
Contributions in relation to the statutorily required contribution	6,582	7,410	3,443	16,083	15,589
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (46)	\$ (289)
Employer's Covered payroll	\$ 559,498	\$ 547,484	\$ 593,491	\$ 440,045	\$ 431,540
Contributions as a percentage of covered payroll	1.18%	1.35%	0.58%	3.65%	3.61%

+ 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 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 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.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

	2018
Total OPEB Liability	
Service Cost	\$ 3,049
Interest Cost	1,003
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	-
Net Change in OPEB Liability	\$ 4,052
 Total OPEB Liability - Beginning	 25,127
 Total OPEB Liability - Ending	 \$ 29,179
 Covered Payroll	 \$ 1,223,193
 Net OPEB Liability as a Percentage of Covered Payroll	 2.39%

Notes to Schedule:

Changes of Benefit Terms

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of Assumptions

Because this is implementation year of 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 assumptions from the prior 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Years Ended June 30,
(UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 4,924	\$ 4,599	\$ 4,748
Contribution in relation to the statutorily required contribution	<u>4,924</u>	<u>4,599</u>	<u>4,748</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 559,498	\$ 547,484	\$ 593,491
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

Note:

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

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Year Ended June 30, 2018 and 2017
(UNAUDITED)**

	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.002380%	0.002548%
Employer's proportionate share of the collective net OPEB liability	\$ 617,612	\$ 696,526
Employer's covered payroll	\$ 547,484	\$ 593,491
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.81%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Year Ended June 30, 2018
(UNAUDITED)

1 CHANGES OF BENEFIT TERMS

In the June 30, 2018 actuarial valuation, there have been no changes of benefit terms from the prior period.

2 CHANGES OF ASSUMPTIONS

Because this is the implementation year of 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 assumptions from the prior period.

OTHER SUPPLEMENTAL INFORMATION

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2018**

	County	Regional Programs	Interest	Alternative Schools	Edgenuity	Online Clearing	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 70,115	\$ 54,539	\$ 205,365	\$ 1,181	\$ 331,200
Due from other funds	-	-	-	537,111	-	-	537,111
Due from other governments							
Local	-	-	-	4,200	14,880	-	19,080
Prepaid expenses	-	2,388	-	-	-	-	2,388
Total Assets	\$ -	\$ 2,388	\$ 70,115	\$ 595,850	\$ 220,245	\$ 1,181	\$ 889,779
LIABILITIES							
Accrued expenses	\$ -	\$ 2,053	\$ -	\$ 29,698	\$ 1,691	\$ -	\$ 33,442
Due to other funds	40,964	256,055	-	-	-	-	297,019
Total Liabilities	40,964	258,108	-	29,698	1,691	-	330,461
FUND BALANCE (DEFICIT)							
Nonspendable	-	(2,388)	-	-	-	-	(2,388)
Unassigned	(40,964)	(253,332)	70,115	566,152	218,554	1,181	561,706
Total Fund Balance (Deficit)	(40,964)	(255,720)	70,115	566,152	218,554	1,181	559,318
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)							
	\$ -	\$ 2,388	\$ 70,115	\$ 595,850	\$ 220,245	\$ 1,181	\$ 889,779

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	County	Regional Programs	Interest	Alternative Schools	Edgenuity	Online Clearing	Totals
Revenues							
Local sources	\$ 202,779	\$ 8,095	\$ -	\$ 83,648	\$ 83,070	\$ -	\$ 377,592
State sources	-	-	-	425,975	-	-	425,975
On-behalf payments - State	-	261,654	-	-	-	-	261,654
Federal sources	-	-	-	14,734	-	-	14,734
Investment earnings	-	-	875	-	-	-	875
Total Revenues	<u>202,779</u>	<u>269,749</u>	<u>875</u>	<u>524,357</u>	<u>83,070</u>	<u>-</u>	<u>1,080,830</u>
Expenditures							
Instructional Services:							
Salaries and benefits	208,724	30,226	-	390,419	31,011	-	660,380
Pension expense	14,974	5,497	-	1,942	-	-	22,413
OPEB expense	-	4,924	-	-	-	-	4,924
Purchased services	52,345	17,090	-	149,510	37,131	-	256,076
Supplies and materials	5,014	8,083	-	8,299	-	-	21,396
Other objects	-	900	361	76	-	-	1,337
On-behalf payments - State	-	261,654	-	-	-	-	261,654
Total Expenditures	<u>281,057</u>	<u>328,374</u>	<u>361</u>	<u>550,246</u>	<u>68,142</u>	<u>-</u>	<u>1,228,180</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES							
	<u>(78,278)</u>	<u>(58,625)</u>	<u>514</u>	<u>(25,889)</u>	<u>14,928</u>	<u>-</u>	<u>(147,350)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	50,865	-	(50,865)
Transfers out	-	-	-	(50,865)	-	-	50,865
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,865)</u>	<u>50,865</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>(78,278)</u>	<u>(58,625)</u>	<u>514</u>	<u>(76,754)</u>	<u>65,793</u>	<u>-</u>	<u>(147,350)</u>
FUND BALANCE (DEFICIT), BEGINNING	<u>37,314</u>	<u>(197,095)</u>	<u>69,601</u>	<u>642,906</u>	<u>152,761</u>	<u>1,181</u>	<u>706,668</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (40,964)</u>	<u>\$ (255,720)</u>	<u>\$ 70,115</u>	<u>\$ 566,152</u>	<u>\$ 218,554</u>	<u>\$ 1,181</u>	<u>\$ 559,318</u>

**FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018**

	Child and Family Connections	Early Childhood Grant	Early Childhood Block Grant	Family Violence	Hearing/ Vision Screening	Local Donations
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,141	\$ 13,982	\$ 713
Due from other governments						
State	84,865	73,171	26,711	-	-	-
Federal	-	-	-	-	-	-
Total Assets	<u>\$ 84,865</u>	<u>\$ 73,171</u>	<u>\$ 26,711</u>	<u>\$ 1,141</u>	<u>\$ 13,982</u>	<u>\$ 713</u>
Liabilities						
Accounts payable	\$ -	\$ 8,781	\$ 3,457	\$ -	\$ -	\$ -
Accrued expenses	-	22,403	242	-	-	-
Due to other funds	74,565	44,196	26,439	-	-	-
Unearned revenue	10,300	-	-	-	-	-
Total Liabilities	<u>84,865</u>	<u>75,380</u>	<u>30,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	-	38,827	13,356	-	-	-
Fund Balance (Deficit)						
Restricted	-	-	-	1,141	13,982	713
Unassigned	-	(41,036)	(16,783)	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>(41,036)</u>	<u>(16,783)</u>	<u>1,141</u>	<u>13,982</u>	<u>713</u>
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)						
	<u>\$ 84,865</u>	<u>\$ 73,171</u>	<u>\$ 26,711</u>	<u>\$ 1,141</u>	<u>\$ 13,982</u>	<u>\$ 713</u>

**FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018**

	McKinney Education for Homeless Children	New Principal Mentoring	Regional Safe Schools	Regional Safe Schools Cooperative	ROE Technology Maintenance	Teen Court Donations
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,048	\$ 366
Due from other governments						
State	-	-	6,000	7,628	-	-
Federal	78,788	-	-	-	-	-
Total Assets	<u>\$ 78,788</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 7,628</u>	<u>\$ 1,048</u>	<u>\$ 366</u>
Liabilities						
Accounts payable	\$ 21,202	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	67,937	-	6,000	7,628	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>89,139</u>	<u>-</u>	<u>6,000</u>	<u>7,628</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	3,818	-	-
Fund Balance (Deficit)						
Restricted	-	-	-	-	1,048	366
Unassigned	(10,351)	-	-	(3,818)	-	-
Total Fund Balance (Deficit)	<u>(10,351)</u>	<u>-</u>	<u>-</u>	<u>(3,818)</u>	<u>1,048</u>	<u>366</u>
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)						
	<u>\$ 78,788</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 7,628</u>	<u>\$ 1,048</u>	<u>\$ 366</u>

FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018

	Teen Court Fines	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Truants Alternative Optional Education	Truants Alternative Optional Education Program Training
Assets						
Cash and cash equivalents	\$ 12,395	\$ 27	\$ -	\$ -	\$ -	\$ 46,986
Due from other governments						
State	-	-	-	-	16,245	26,850
Federal	-	-	500	-	-	-
Total Assets	<u>\$ 12,395</u>	<u>\$ 27</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 16,245</u>	<u>\$ 73,836</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 146	\$ -
Accrued expenses	-	-	-	-	9,031	17,776
Due to other funds	-	-	500	1	7,068	-
Unearned revenue	12,395	-	-	-	-	56,060
Total Liabilities	<u>12,395</u>	<u>-</u>	<u>500</u>	<u>1</u>	<u>16,245</u>	<u>73,836</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	7,814	-
Fund Balance (Deficit)						
Restricted	-	27	-	-	-	-
Unassigned	-	-	-	(1)	(7,814)	-
Total Fund Balance (Deficit)	<u>-</u>	<u>27</u>	<u>-</u>	<u>(1)</u>	<u>(7,814)</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)						
	<u>\$ 12,395</u>	<u>\$ 27</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 16,245</u>	<u>\$ 73,836</u>

FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018

	United Way	ROE/ISC Operations	Early Childhood Prevention Initiative	Totals
Assets				
Cash and cash equivalents	\$ 4,576	\$ 1,565	\$ -	\$ 82,799
Due from other governments				
State	-	-	7,558	249,028
Federal	-	-	-	79,288
Total Assets	<u>\$ 4,576</u>	<u>\$ 1,565</u>	<u>\$ 7,558</u>	<u>\$ 411,115</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,800	\$ 35,386
Accrued expenses	-	1,565	-	51,017
Due to other funds	-	-	5,758	240,092
Unearned revenue	-	-	-	78,755
Total Liabilities	<u>-</u>	<u>1,565</u>	<u>7,558</u>	<u>405,250</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	3,779	67,594
Fund Balance (Deficit)				
Restricted	4,576	-	-	21,853
Unassigned	-	-	(3,779)	(83,582)
Total Fund Balance (Deficit)	<u>4,576</u>	<u>-</u>	<u>(3,779)</u>	<u>(61,729)</u>
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)				
	<u>\$ 4,576</u>	<u>\$ 1,565</u>	<u>\$ 7,558</u>	<u>\$ 411,115</u>

**FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Child and Family Connections	Early Childhood Grant	Early Childhood Block Grant	Family Violence	Hearing/ Vision Screening	Local Donations
REVENUES						
Local sources	\$ -	\$ 638	\$ -	\$ -	\$ 25,298	\$ -
State sources	483,283	443,240	357,332	-	-	-
Federal sources	-	-	-	2,189	-	-
Total Revenues	<u>483,283</u>	<u>443,878</u>	<u>357,332</u>	<u>2,189</u>	<u>25,298</u>	<u>-</u>
EXPENDITURES						
Instructional Services:						
Salaries and benefits	368,562	270,106	220,637	-	14,192	-
Pension expense	25,581	-	17,198	-	-	-
Purchased services	85,964	23,408	68,337	815	4,362	7,905
Supplies and materials	3,176	54,422	13,408	-	326	126
Other objects	-	-	-	-	-	-
Capital outlay	-	-	1,115	-	-	-
Intergovernmental:						
Payments to other governments	-	53,097	-	-	-	-
Total Expenditures	<u>483,283</u>	<u>401,033</u>	<u>320,695</u>	<u>815</u>	<u>18,880</u>	<u>8,031</u>
NET CHANGE IN FUND BALANCE	-	42,845	36,637	1,374	6,418	(8,031)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>(83,881)</u>	<u>(53,420)</u>	<u>(233)</u>	<u>7,564</u>	<u>8,744</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ (41,036)</u>	<u>\$ (16,783)</u>	<u>\$ 1,141</u>	<u>\$ 13,982</u>	<u>\$ 713</u>

**FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018**

	McKinney Education for Homeless Children	New Principal Mentoring	Regional Safe Schools	Regional Safe Schools Cooperative	ROE Technology Maintenance	Teen Court Donations
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	91,297	35,718	-	-
Federal sources	229,731	-	-	-	-	-
Total Revenues	<u>229,731</u>	<u>-</u>	<u>91,297</u>	<u>35,718</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Instructional Services:						
Salaries and benefits	53,877	-	60,660	22,897	-	-
Pension expense	-	-	-	-	-	-
Purchased services	18,307	-	-	7,481	-	-
Supplies and materials	2,044	-	-	9,015	-	-
Other objects	-	1,896	-	-	-	-
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	165,854	-	-	143	-	-
Total Expenditures	<u>240,082</u>	<u>1,896</u>	<u>60,660</u>	<u>39,536</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,351)	(1,896)	30,637	(3,818)	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>1,896</u>	<u>(30,637)</u>	<u>-</u>	<u>1,048</u>	<u>366</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (10,351)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,818)</u>	<u>\$ 1,048</u>	<u>\$ 366</u>

**FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Teen Court Fines	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Truants Alternative Optional Education	Truants Alternative Optional Education Program Training
REVENUES						
Local sources	\$ 9,422	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	142,710	349,640
Federal sources	-	1,676	1,200	46	-	-
Total Revenues	<u>9,422</u>	<u>1,676</u>	<u>1,200</u>	<u>46</u>	<u>142,710</u>	<u>349,640</u>
EXPENDITURES						
Instructional Services:						
Salaries and benefits	6,459	-	-	-	82,358	107,038
Pension expense	-	-	-	-	3,654	8,335
Purchased services	797	51	1,200	47	10,973	94,419
Supplies and materials	1,672	1,598	-	-	2,386	332
Other objects	494	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	-	-	-	-	1,184	2,095
Total Expenditures	<u>9,422</u>	<u>1,649</u>	<u>1,200</u>	<u>47</u>	<u>100,555</u>	<u>212,219</u>
NET CHANGE IN FUND BALANCE	-	27	-	(1)	42,155	137,421
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,969)</u>	<u>(137,421)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (7,814)</u>	<u>\$ -</u>

**FULTON/HANCOCK/MCDONOUGH/SHCUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018**

	United Way	ROE/ISC Operations	Early Childhood Prevention Initiative	Totals
REVENUES				
Local sources	\$ 1,626	\$ -	\$ -	\$ 36,984
State sources	-	110,483	15,115	2,028,818
Federal sources	-	-	-	234,842
Total Revenues	<u>1,626</u>	<u>110,483</u>	<u>15,115</u>	<u>2,300,644</u>
EXPENDITURES				
Instructional Services:				
Salaries and benefits	478	61,546	11,425	1,280,235
Pension expense	42	-	1,057	55,867
Purchased services	2	8,399	5,261	337,728
Supplies and materials	84	-	1,151	89,740
Other objects	-	-	-	2,390
Capital outlay	-	-	-	1,115
Intergovernmental:				
Payments to other governments	-	40,538	-	262,911
Total Expenditures	<u>606</u>	<u>110,483</u>	<u>18,894</u>	<u>2,029,986</u>
NET CHANGE IN FUND BALANCE	1,020	-	(3,779)	270,658
FUND BALANCE (DEFICIT) - BEGINNING	<u>3,556</u>	<u>-</u>	<u>-</u>	<u>(332,387)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 4,576</u>	<u>\$ -</u>	<u>\$ (3,779)</u>	<u>\$ (61,729)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHILD AND FAMILY CONNECTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
Local	\$ -	\$ -	\$ -
State sources	483,283	483,283	483,283
Federal	-	-	-
Total Revenues	<u>483,283</u>	<u>483,283</u>	<u>483,283</u>
Expenditures			
Salaries and benefits	396,885	396,885	368,562
Pension expense	-	-	25,581
Purchased services	83,099	83,099	85,964
Supplies and materials	3,299	3,299	3,176
Total Expenditures	<u>483,283</u>	<u>483,283</u>	<u>483,283</u>
Net change in fund balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD GRANT (3705-00) - 2017
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 393,447	\$ 402,445	\$ 84,144
Total Revenues	<u>393,447</u>	<u>402,445</u>	<u>84,144</u>
Expenditures			
Salaries and benefits	282,288	282,288	(4,060)
Purchased services	15,825	15,825	638
Supplies and materials	35,737	44,735	6,532
Capital outlay	6,597	6,597	-
Payments to other governments	53,000	53,000	-
Total Expenditures	<u>393,447</u>	<u>402,445</u>	<u>3,110</u>
Net change in fund balances	-	-	81,034
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(81,034)</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD GRANT (3705-00) - 2018
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual
Revenues			
Local	\$ -	\$ -	\$ 638
State sources	393,447	397,923	359,096
Total Revenues	<u>393,447</u>	<u>397,923</u>	<u>359,734</u>
Expenditures			
Salaries and benefits	285,745	274,575	274,166
Pension expense	-	-	-
Purchased services	21,334	23,337	22,770
Supplies and materials	33,368	47,011	47,890
Payments to other governments	53,000	53,000	53,097
Total Expenditures	<u>393,447</u>	<u>397,923</u>	<u>397,923</u>
Net change in fund balances	-	-	(38,189)
Fund Balance (Deficit), Beginning	-	-	(2,847)
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,036)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT (3705-01) - 2017
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 320,521	\$ 320,521	\$ 50,502
Total Revenues	<u>320,521</u>	<u>320,521</u>	<u>50,502</u>
Expenditures			
Salaries and benefits	249,389	247,389	-
Purchased services	60,132	58,132	126
Supplies and materials	11,000	13,000	209
Capital outlay	-	2,000	-
Total Expenditures	<u>320,521</u>	<u>320,521</u>	<u>335</u>
Net change in fund balances	-	-	50,167
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(53,420)</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,253)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT (3705-01) - 2018
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 320,521	\$ 320,521	\$ 306,830
Total Revenues	<u>320,521</u>	<u>320,521</u>	<u>306,830</u>
Expenditures			
Salaries and benefits	241,313	239,313	220,637
Pension expense	-	-	17,198
Purchased services	69,208	66,208	68,211
Supplies and materials	10,000	13,860	13,199
Capital outlay	-	1,140	1,115
Total Expenditures	<u>320,521</u>	<u>320,521</u>	<u>320,360</u>
Net change in fund balances	-	-	(13,530)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,530)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (18-4920)
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
Federal	\$ 215,642	\$ 237,432	\$ 229,731
Total Revenues	<u>215,642</u>	<u>237,432</u>	<u>229,731</u>
Expenditures			
Salaries and benefits	42,960	41,329	53,877
Purchased services	10,202	14,271	18,307
Supplies and materials	748	5,000	2,044
Payments to other governments	161,732	176,832	165,854
Total Expenditures	<u>215,642</u>	<u>237,432</u>	<u>240,082</u>
Net change in fund balances	-	-	(10,351)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,351)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 60,660	\$ 60,660	\$ 91,297
Total Revenues	<u>60,660</u>	<u>60,660</u>	<u>91,297</u>
Expenditures			
Salaries and benefits	<u>60,660</u>	<u>60,660</u>	<u>60,660</u>
Total Expenditures	<u>60,660</u>	<u>60,660</u>	<u>60,660</u>
Net change in fund balances	-	-	30,637
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(30,637)</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS COOPERATIVE
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 38,108	\$ 38,108	\$ 35,718
Total Revenues	<u>38,108</u>	<u>38,108</u>	<u>35,718</u>
Expenditures			
Salaries and benefits	20,290	23,040	22,897
Purchased services	3,155	7,869	7,481
Supplies and materials	14,663	7,199	9,015
Payments to other governments	-	-	143
Total Expenditures	<u>38,108</u>	<u>38,108</u>	<u>39,536</u>
Net change in fund balances	-	-	(3,818)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,818)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER LEADERSHIP
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
Federal	\$ 1,200	\$ 1,200	\$ 1,200
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Expenditures			
Purchased services	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
Net change in fund balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 100,555	\$ 100,555	\$ 142,710
Total Revenues	<u>100,555</u>	<u>100,555</u>	<u>142,710</u>
Expenditures			
Salaries and benefits	86,613	84,795	82,358
Pension expense	-	-	3,654
Purchased services	11,309	11,309	10,973
Supplies and materials	556	2,374	2,386
Payments to other governments	2,077	2,077	1,184
Total Expenditures	<u>100,555</u>	<u>100,555</u>	<u>100,555</u>
Net change in fund balances	-	-	42,155
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(49,969)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,814)</u></u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (16-3695-PD)
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 202,850	\$ 202,850	\$ 16,814
Total Revenues	<u>202,850</u>	<u>202,850</u>	<u>16,814</u>
Expenditures			
Salaries and benefits	111,975	111,975	4,223
Purchased services	90,375	90,375	-
Supplies and materials	500	500	-
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>4,223</u>
Net change in fund balances	-	-	12,591
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(12,591)</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 6, 2015 through August 31, 2016; only part of the grant was received and expended in the current fiscal year.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (17-3695-PD)
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 202,850	\$ 202,850	\$ 202,850
Total Revenues	<u>202,850</u>	<u>202,850</u>	<u>202,850</u>
Expenditures			
Salaries and benefits	111,975	111,975	(402)
Purchased services	90,375	90,375	78,256
Supplies and materials	500	500	166
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>78,020</u>
Net change in fund balances	-	-	124,830
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(124,830)</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from Sept. 1, 2016 through Aug. 31, 2017; only part of the grant was received and expended in the current fiscal year.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (18-3695-PD)
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 202,850	\$ 202,850	\$ 129,976
Total Revenues	<u>202,850</u>	<u>202,850</u>	<u>129,976</u>
Expenditures			
Salaries and benefits	111,457	111,457	103,217
Pension expense	-	-	8,335
Purchased services	88,769	88,769	16,163
Supplies and materials	500	500	166
Payments to other governments	2,124	2,124	2,095
Total Expenditures	<u>202,850</u>	<u>202,850</u>	<u>129,976</u>
Net change in fund balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from Aug. 28, 2017 through Aug. 31, 2018; only part of the grant was received and expended in the current fiscal year.

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 100,357	\$ 110,483	\$ 110,483
Total Revenues	<u>100,357</u>	<u>110,483</u>	<u>110,483</u>
Expenditures			
Salaries and benefits	58,013	63,025	61,546
Purchased services	7,587	10,587	8,399
Payments to other governments	34,757	36,871	40,538
Total Expenditures	<u>100,357</u>	<u>110,483</u>	<u>110,483</u>
Net change in fund balances	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD PREVENTION INITIATIVE
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual
Revenues			
State sources	\$ 18,894	\$ 18,894	\$ 15,115
Total Revenues	<u>18,894</u>	<u>18,894</u>	<u>15,115</u>
Expenditures			
Salaries and benefits	17,894	13,007	11,425
Pension expense	-	-	1,057
Purchased services	-	4,795	5,261
Supplies and materials	1,000	1,092	1,151
Total Expenditures	<u>18,894</u>	<u>18,894</u>	<u>18,894</u>
Net change in fund balances	-	-	(3,779)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,779)</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #26
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018**

	General Education Development Fund	Bus Driver Training	Institute	Totals
Assets				
Cash and cash equivalents	\$ 17,505	\$ 27,156	\$ 138,588	\$ 183,249
Total Assets	<u>\$ 17,505</u>	<u>\$ 27,156</u>	<u>\$ 138,588</u>	<u>\$ 183,249</u>
Fund Balance				
Restricted	\$ 17,505	\$ 27,156	\$ 138,588	\$ 183,249
Total Fund Balance	<u>17,505</u>	<u>27,156</u>	<u>138,588</u>	<u>183,249</u>
Total Liabilities and Fund Balance	<u>\$ 17,505</u>	<u>\$ 27,156</u>	<u>\$ 138,588</u>	<u>\$ 183,249</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Education Development Fund	Bus Driver Training	Institute	Totals
Revenues				
Local sources	\$ 3,274	\$ 3,410	\$ 43,196	\$ 49,880
State sources	-	1,386	-	1,386
Investment earnings	-	-	261	261
Total Revenues	<u>3,274</u>	<u>4,796</u>	<u>43,457</u>	<u>51,527</u>
Expenditures				
Salaries and benefits	-	-	7,734	7,734
Pension expense	-	-	691	691
Purchased services	56	4,797	29,098	33,951
Supplies and material	1,316	-	6,000	7,316
Other objects	-	-	139	139
Total Expenditures	<u>1,372</u>	<u>4,797</u>	<u>43,662</u>	<u>49,831</u>
Net change in fund balance	1,902	(1)	(205)	1,696
Fund Balance, Beginning	<u>15,603</u>	<u>27,157</u>	<u>138,793</u>	<u>181,553</u>
Fund Balance, Ending	<u><u>\$ 17,505</u></u>	<u><u>\$ 27,156</u></u>	<u><u>\$ 138,588</u></u>	<u><u>\$ 183,249</u></u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities Enterprise Funds		Totals
	Workshop Fund	Fingerprinting Fund	
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ 8,198	\$ 8,198
Due from other funds	-	-	-
Total current assets	<u>-</u>	<u>8,198</u>	<u>8,198</u>
Noncurrent assets:			
Capital assets, being depreciated, net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 8,198</u>	<u>\$ 8,198</u>
Net Position			
Net investment in capital assets	\$ -	\$ -	\$ -
Unrestricted	-	8,198	8,198
Total Net Position	<u>\$ -</u>	<u>\$ 8,198</u>	<u>\$ 8,198</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities Enterprise Funds		Totals
	Workshop Fund	Fingerprinting Fund	
Operating Revenues			
Fees for services	\$ -	\$ 47,529	\$ 47,529
Total Operating Revenues	<u>-</u>	<u>47,529</u>	<u>47,529</u>
Operating Expenses			
Purchased services	-	41,078	41,078
Salaries	-	15,606	15,606
Depreciation	95	-	95
Total Operating Expenses	<u>95</u>	<u>56,684</u>	<u>56,779</u>
Operating Loss	(95)	(9,155)	(9,250)
Total Net Position - Beginning	<u>95</u>	<u>17,353</u>	<u>17,448</u>
Total Net Position - Ending	<u>\$ -</u>	<u>\$ 8,198</u>	<u>\$ 8,198</u>

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities Enterprise Funds		Totals
	Workshop Fund	Fingerprinting Fund	
Cash Flows from Operating Activities:			
Receipts from customers	\$ -	\$ 47,529	\$ 47,529
Payments to suppliers and providers of goods and services	-	(41,078)	(41,078)
Payments to employees	-	(15,606)	(15,606)
Net cash used for operating activities	<u>-</u>	<u>(9,155)</u>	<u>(9,155)</u>
Cash Flows from Noncapital Financing Activities:			
Interfund borrowing, net	-	12,612	12,612
Net cash provided by noncapital financing activities	<u>-</u>	<u>12,612</u>	<u>12,612</u>
Net increase in cash and cash equivalents	-	3,457	3,457
Cash and cash equivalents - Beginning		<u>4,741</u>	<u>4,741</u>
Cash and cash equivalents - Ending	<u>\$ -</u>	<u>\$ 8,198</u>	<u>\$ 8,198</u>
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (95)	\$ (9,155)	\$ (9,250)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	<u>95</u>	<u>-</u>	<u>95</u>
Net cash used for operating activities	<u>\$ -</u>	<u>\$ (9,155)</u>	<u>\$ (9,155)</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2018

	Distributive Fund	Administrators Roundtable	Area III Superintendents	Hancock County Principal	Regional Board of School Trustees	School Occupation Facility Tax	Western Area Career System	Totals
Assets								
Cash and cash equivalents	\$ -	\$ 10,432	\$ 86,531	\$ 2,438	\$ 1,793	\$ 1	\$ 87	\$ 101,282
Due from other governments	1,561,070	-	-	-	-	-	-	1,561,070
Total Assets	\$ 1,561,070	\$ 10,432	\$ 86,531	\$ 2,438	\$ 1,793	\$ 1	\$ 87	\$ 1,662,352
Liabilities								
Due to other governments	\$ 1,561,070	\$ 10,432	\$ 86,531	\$ 2,438	\$ 1,793	\$ 1	\$ 87	\$ 1,662,352
Total Liabilities	\$ 1,561,070	\$ 10,432	\$ 86,531	\$ 2,438	\$ 1,793	\$ 1	\$ 87	\$ 1,662,352

**FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Distributive Fund:				
Assets				
Cash and cash equivalents	\$ -	\$ 4,195,693	\$ 4,195,693	\$ -
Due from other governments	1,343,032	1,561,070	1,343,032	1,561,070
Total Assets	<u>\$ 1,343,032</u>	<u>\$ 5,756,763</u>	<u>\$ 5,538,725</u>	<u>\$ 1,561,070</u>
Liabilities				
Due to other governments	\$ 1,343,032	\$ 5,756,763	\$ 5,538,725	\$ 1,561,070
Total Liabilities	<u>\$ 1,343,032</u>	<u>\$ 5,756,763</u>	<u>\$ 5,538,725</u>	<u>\$ 1,561,070</u>
Administrators Roundtable:				
Assets				
Cash and cash equivalents	\$ 8,167	\$ 5,869	\$ 3,604	\$ 10,432
Due from other governments	4,004	-	4,004	-
Total Assets	<u>\$ 12,171</u>	<u>\$ 5,869</u>	<u>\$ 7,608</u>	<u>\$ 10,432</u>
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	12,171	5,869	7,608	10,432
Total Liabilities	<u>\$ 12,171</u>	<u>\$ 5,869</u>	<u>\$ 7,608</u>	<u>\$ 10,432</u>
Area III Superintendents:				
Assets				
Cash and cash equivalents	\$ 6,150	\$ 82,535	\$ 2,154	\$ 86,531
Total Assets	<u>\$ 6,150</u>	<u>\$ 82,535</u>	<u>\$ 2,154</u>	<u>\$ 86,531</u>
Liabilities				
Due to other governments	\$ 6,150	\$ 82,535	\$ 2,154	\$ 86,531
Total Liabilities	<u>\$ 6,150</u>	<u>\$ 82,535</u>	<u>\$ 2,154</u>	<u>\$ 86,531</u>
Hancock County Principal:				
Assets				
Cash and cash equivalents	\$ 2,575	\$ 2,335	\$ 2,472	\$ 2,438
Total Assets	<u>\$ 2,575</u>	<u>\$ 2,335</u>	<u>\$ 2,472</u>	<u>\$ 2,438</u>
Liabilities				
Due to other governments	\$ 2,575	\$ 2,335	\$ 2,472	\$ 2,438
Total Liabilities	<u>\$ 2,575</u>	<u>\$ 2,335</u>	<u>\$ 2,472</u>	<u>\$ 2,438</u>
Regional Board of School Trustees:				
Assets				
Cash and cash equivalents	\$ 1,773	\$ 20	\$ -	\$ 1,793
Total Assets	<u>\$ 1,773</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 1,793</u>
Liabilities				
Due to other governments	\$ 1,773	\$ 20	\$ -	\$ 1,793
Total Liabilities	<u>\$ 1,773</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 1,793</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #26
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
School Occupation Facility Tax:				
Assets				
Cash and cash equivalents	\$ -	\$ 3,917,504	\$ 3,917,503	\$ 1
Total Assets	<u>\$ -</u>	<u>\$ 3,917,504</u>	<u>\$ 3,917,503</u>	<u>\$ 1</u>
Liabilities				
Due to other governments	\$ -	\$ 3,917,504	\$ 3,917,503	\$ 1
Total Liabilities	<u>\$ -</u>	<u>\$ 3,917,504</u>	<u>\$ 3,917,503</u>	<u>\$ 1</u>
Western Area Career System:				
Assets				
Cash and cash equivalents	\$ -	\$ 17,466	\$ 17,379	\$ 87
Due from other governments	4,004	-	4,004	-
Total Assets	<u>\$ 4,004</u>	<u>\$ 17,466</u>	<u>\$ 21,383</u>	<u>\$ 87</u>
Liabilities				
Due to other governments	\$ 4,004	\$ 17,466	\$ 21,383	\$ 87
Total Liabilities	<u>\$ 4,004</u>	<u>\$ 17,466</u>	<u>\$ 21,383</u>	<u>\$ 87</u>
Totals:				
Assets				
Cash and cash equivalents	\$ 18,665	\$ 8,221,422	\$ 8,138,805	\$ 101,282
Due from other governments	1,351,040	1,561,070	1,351,040	1,561,070
Total Assets	<u>\$ 1,369,705</u>	<u>\$ 9,782,492</u>	<u>\$ 9,489,845</u>	<u>\$ 1,662,352</u>
Liabilities				
Due to other governments	\$ 1,369,705	\$ 9,782,492	\$ 9,489,845	\$ 1,662,352
Total Liabilities	<u>\$ 1,369,705</u>	<u>\$ 9,782,492</u>	<u>\$ 9,489,845</u>	<u>\$ 1,662,352</u>

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2018

Distributions	Acct. No.	Western Area Career System	West Central Illinois Special Ed	Totals
State Funds				
Sp. Ed. - Personnel	3110	\$ -	\$ 329,038	\$ 329,038
Career & Technical Ed Improvement (CTEI)	3220	734,809	-	734,809
State Free Lunch & Breakfast	3360	-	246	246
Total State Funds		\$ 734,809	\$ 329,284	\$ 1,064,093
Federal Funds				
National School Lunch Program	4210	-	\$ 18,817	\$ 18,817
School Breakfast Program	4220	-	11,019	11,019
Fed.- Sp. Ed - Pre-School Flow Through	4600	-	202,174	202,174
Fed.- Sp. Ed - I.D.E.A. Flow Through	4620	-	2,757,047	2,757,047
CTE-Perkins Secondary	4745	142,543	-	142,543
Total Federal Funds		\$ 142,543	\$ 2,989,057	\$ 3,131,600
Total Distributions		\$ 877,352	\$ 3,318,341	\$ 4,195,693