



**STATE OF ILLINOIS
FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26**

**FINANCIAL AUDIT
For the Year Ended June 30, 2019**

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26**

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**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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:

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Macomb, Illinois 61455

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Canton, Illinois 61520

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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 do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	5
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2019-001	12	Delay of Audit	Noncompliance
2019-002	14	Inadequate Internal Control Procedures	Material Weakness
2019-003	17	Inadequate Internal Controls over Inventory	Material Weakness
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2018-001	22	Controls Over Financial Statement Preparation	Material Weakness
2018-004	22	Inadequate Controls over Cut-off Procedures	Material Weakness

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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 March 17, 2020. Attending from the Regional Office of Education No. 26 were John Meixner, Regional Superintendent; and Deb Wright, Chief Bookkeeper; from the Office of the Auditor General were Jeanne Michaud and Jennifer Baptist, Audit Managers; and from Adelfia LLC were Stella Marie Santos, Jennifer Roan, Maria Divina Valera, Partners. Responses to the recommendations were provided by John Meixner, Regional Superintendent, on March 20, 2020.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26 was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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, and Schuyler Counties Regional Office of Education No. 26, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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 from material misstatement.

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, and Schuyler Counties Regional Office of Education No. 26 , as of June 30, 2019, 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, and Schuyler Counties Regional Office of Education No. 26 , as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability & 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 & Schedule of Employer Contributions, Teacher Health Insurance Security Fund – Schedule of Employer's Proportionate Share of the Collective Net Other Postemployment Benefit Liability & Schedule of Employer Contributions, Western Area School Health Benefit Plan – Schedule of Changes in the

Total OPEB Liability and Related Ratio & Schedule of Employer Contributions on pages 23 through 29 and pages 91 through 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's basic financial statements. The combining schedule of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2020 on our consideration of the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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, and Schuyler Counties Regional Office of Education No. 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, and Schuyler Counties Regional Office of Education No. 26's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
August 7, 2020



**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, and Schuyler Counties Regional Office of Education No. 26, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26’s basic financial statements, and have issued our report thereon dated August 7, 2020. 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, and Schuyler Counties Regional Office of Education No. 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, and Schuyler Counties Regional Office of Education No. 26’s internal control. Accordingly, we do not express an opinion on the effectiveness of Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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 2019-002 and 2019-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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 2019-001.

Regional Office of Education No. 26's Responses to Findings

Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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 results of that testing, and not to provide an opinion on the effectiveness of the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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 the Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
August 7, 2020

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 SCHEDULE OF FINDINGS AND RESPONSES
 SECTION I – SUMMARY OF AUDITOR’S RESULTS
 For the Year Ended June 30, 2019**

Financial Statements in accordance with GAAP

Type of auditor’s report issued:

Unmodified, except for qualified opinion on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2019**

FINDING 2019-001 – Delay of Audit (Repeat from Finding 18-005)

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 Regional Office of Education No. 26 did not provide completed financial statements in an auditable form by the August 31st deadline. The completed financial statements were provided only on December 14, 2019.

EFFECT:

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

CAUSE:

The Regional Office of Education No. 26 Officials indicated competing priorities resulted in them providing the supporting reports after August 31st to the accounting firm they contracted with in order to prepare the financial statements and notes.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2019**

FINDING 2019-001 – Delay of Audit (Repeat from Finding 18-005) (Concluded)

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 31st deadline.

MANAGEMENT’S RESPONSE:

The Regional Office of Education No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2019

FINDING 2019-002 – Inadequate Internal Control Procedures (Repeat of Findings 18-002, 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. Sound internal controls require bank reconciliations to be performed accurately and promptly. Reconciling items should be investigated immediately and adjustments made to the general ledger accordingly. Bank reconciliations should also be reviewed and approved by a person independent of the preparer in a timely manner.

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 of Education No. 26's internal control system for which there were no mitigating controls:

- A. The Regional Office of Education No. 26 maintains 6 bank accounts. During our audit, we noted that in each bank account, monthly reconciliations were not performed timely for 2 to 5 months. 20 of 72 monthly bank reconciliations (28 percent) were performed more than a month late.
- B. The Regional Office of Education No. 26 did not have adequate controls over the maintenance of complete records of capital assets. The Regional Office of Education No. 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.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2019

FINDING 2019-002 – Inadequate Internal Control Procedures (Repeat of Findings 18-002, 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02) (Continued)

EFFECT:

Failure to prepare bank reconciliations on a timely basis may lead to loss or misuse of assets due to improper control and monitoring of bank accounts. Delay in the preparation of bank reconciliations renders this internal control procedure ineffective for immediately detecting irregularities and inaccuracies in the financial records.

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 unintended exposure of confidential information.

CAUSE:

The Regional Office of Education No. 26 Officials indicated competing priorities resulted in these untimely bank reconciliations.

The Regional Office of Education No. 26 Officials also indicated they do not have enough resources to perform a full physical inventory of assets. In addition, the Regional Office of Education No. 26 has not established or documented sufficient internal control procedures over capital assets.

RECOMMENDATION:

The Regional Office of Education No. 26 should prepare monthly bank reconciliations on a timely basis. This would ensure that the cash balance per ledger is accurate and cash transactions are fully accounted for.

The Regional Office of Education No. 26 should establish and document internal control procedures to ensure its capital assets schedule is maintained in accordance with GAAP and the ROE Accounting Manual. The capital assets schedule should be reconciled to the general ledger capital assets and capital outlay accounts.

The Regional Office of Education No. 26 should also evaluate data maintained on computers and ensure those containing confidential information are adequately protected with methods such as encryption.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2019**

FINDING 2019-002 – Inadequate Internal Control Procedures (Repeat of Findings 18-002, 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02) (Concluded)

MANAGEMENT’S RESPONSE:

The Regional Office will prepare monthly bank reconciliations on a timely basis.

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

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2019**

FINDING 2019-003 – Inadequate Internal Controls over Inventory (Repeat of Findings 18-003, 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 of Education No. 26 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 of Education No. 26'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 FY19 financial statements.

CAUSE:

The Regional Office of Education No. 26 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.

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 of Education No. 26's general ledger.

MANAGEMENT'S RESPONSE:

The Regional Office of Education No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2019**

Corrective Action Plan

FINDING 2019-001 – Delay of Audit (Repeat from Finding 18-005)

CONDITION:

The Regional Office of Education No. 26 did not provide completed financial statements in an auditable form by the August 31st deadline. The completed financial statements were provided only on December 14, 2019.

PLAN:

The Regional Office of Education No. 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. The ROE will work to prepare and provide our audit vendor reports in a timely manner.

ANTICIPATED DATE OF COMPLETION:

June 30, 2020

CONTACT PERSON:

Mr. John Meixner, Regional Superintendent of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2019**

Corrective Action Plan (Continued)

FINDING 2019-002 – Inadequate Internal Control Procedures (Repeat of Findings 18-002, 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02)

CONDITION:

Auditors noted the following weaknesses in the Regional Office of Education No. 26's internal control system for which there were no mitigating controls:

- A. The Regional Office of Education No. 26 maintains 6 bank accounts. During our audit, we noted that in each bank account, monthly reconciliations were not performed timely for 2 to 5 months. 20 of 72 monthly bank reconciliations (28 percent) were performed more than a month late.
- B. The Regional Office of Education No. 26 did not have adequate controls over the maintenance of complete records of capital assets. The Regional Office of Education No. 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.

PLAN:

The Regional Office will prepare monthly bank reconciliations on a timely basis. The ROE will record the actual receipt date of bank statements and reconcile in a timely manner according to employee work schedules.

The Regional Office will establish and document internal control procedures to ensure its capital asset schedule is maintained in accordance with GAAP and the ROE Accounting Manual. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts. The ROE will restructure our fixed asset list to include location & serial numbers.

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2019**

Corrective Action Plan (Continued)

FINDING 2019-002 – Inadequate Internal Control Procedures (Repeat of Findings 18-002, 17-002, 16-002, 15-002, 14-002, 13-002 and 12-02) (Concluded)

ANTICIPATED DATE OF COMPLETION:

June 30, 2020

CONTACT PERSON:

Mr. John Meixner, Regional Superintendent of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2019**

Corrective Action Plan (Continued)

FINDING 2019-003 – Inadequate Internal Controls over Inventory (Repeat of Findings 18-003, 17-003, 16-003, 15-005)

CONDITION:

The Regional Office of Education No. 26 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 of Education No. 26'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 of Schools

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2019**

2018-001	Controls over Financial Statement Preparation	Not Repeated
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During the current audit, the Regional Office of Education No. 26 implemented corrective action and contracted an accounting firm to prepare its current year's financial statements in accordance with generally accepted accounting principles.

2018-004	Inadequate Controls over Cut-off Procedures	Not Repeated
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During the current audit, audit testing results indicated the Regional Office of Education No. 26 implemented their prior corrective action and no issues with internal controls over cut-off procedures were noted.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

The Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 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, 2019. We encourage readers to consider this information with the Regional Office of Education No. 26's financial statements, which follow.

2019 Financial Highlights

General Fund revenues increased by just \$2,340, from \$1,080,830 in fiscal year 2018 (FY18) to \$1,083,170 in fiscal year 2019 (FY19). The General Fund expenditures increased by \$21,774, from \$1,228,180 in FY18 to \$1,249,954 in FY19. The Regional Office experienced a decrease in the General Fund's fund balance of \$559,318 in FY18 to \$375,720 in FY19. The increase in revenues was due to increases from local sources, on-behalf payments, and investment earnings while state sources decreased. The increase in expenditures is among on-behalf payments and capital outlay expense while salaries and benefits decreased.

The Special Revenue Funds revenue decreased by \$160,856, from \$2,352,171 in FY18 to \$2,191,315 in FY19. Expenditures increased by \$71,921 from \$2,079,817 in FY18 to \$2,151,738 in FY19. The decrease in revenues resulted mainly from state source funding and local sources while the increase in expenditures was related mainly to increases in salaries and benefits, purchased services and capital outlay 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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2019

Reporting the Regional Office of Education No. 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 No. 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 No. 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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Reporting the Regional Office of Education No. 26 as a Whole (Concluded)

Fund Financial Statements (Concluded)

- 2) Proprietary funds account for services for which the Regional Office of Education No. 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 No. 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 No. 26's net position decreased by (\$347,164), from (\$39,427) in FY18 to (\$386,591) in FY19.

Net position related to the Education Fund and the Non-major 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, 2019 and 2018.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET POSITION

June 30, 2019 and 2018

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
ASSETS						
Current Assets	\$ 790,010	\$ 947,032	\$ 767,938	\$ 634,324	\$ 1,557,948	\$ 1,581,356
Noncurrent Assets						
Capital assets, net of depreciation	94,412	58,012	47,064	49,801	141,476	107,813
Net Pension Asset	-	207,852	-	-	-	207,852
TOTAL ASSETS	884,422	1,212,896	815,002	684,125	1,699,424	1,897,021
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	668,684	424,096	-	-	668,684	424,096
Deferred outflows related to OPEB	4,832	4,924	-	-	4,832	4,924
TOTAL DEFERRED OUTFLOWS OF RESOURCES	673,516	429,020	-	-	673,516	429,020
LIABILITIES						
Current Liabilities	146,023	198,600	718,281	580,449	864,304	779,049
Noncurrent Liabilities						
Compensated absences	78,551	80,096	-	-	78,551	80,096
OPEB liabilities	840,687	646,791	-	-	840,687	646,791
Net pension liability	423,732	137,427	-	-	423,732	137,427
TOTAL LIABILITIES	1,488,993	1,062,914	718,281	580,449	2,207,274	1,643,363
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	420,483	608,051	-	-	420,483	608,051
Deferred inflows related to OPEB	131,774	114,054	-	-	131,774	114,054
TOTAL DEFERRED INFLOWS OF RESOURCES	552,257	722,105	-	-	552,257	722,105
NET POSITION						
Invested in capital assets, net of related debt	94,412	58,012	47,064	49,801	141,476	107,813
Restricted - other	268,267	396,966	-	-	268,267	396,966
Unrestricted	(845,991)	(598,081)	49,657	53,875	(796,334)	(544,206)
TOTAL NET POSITION	\$ (483,312)	\$ (143,103)	\$ 96,721	\$ 103,676	\$ (386,591)	\$ (39,427)

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Government-Wide Financial Analysis (Concluded)

The following analysis shows the changes in net position for the years ended June 30, 2019 and 2018.

For the Years Ended June 30, 2019 and 2018

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Operating grants & contributions	\$ 2,123,599	\$ 2,265,046	\$ -	\$ -	\$ 2,123,599	\$ 2,265,046
Charges for services	-	-	681,084	719,616	681,084	719,616
General revenues:						
Local sources	455,510	464,456	-	-	455,510	464,456
State sources	432,649	81,184	-	-	432,649	81,184
On-behalf payments - State	718,525	718,209	-	-	718,525	718,209
Investment income	1,977	1,136	-	-	1,977	1,136
Total Revenues	<u>3,732,260</u>	<u>3,530,031</u>	<u>681,084</u>	<u>719,616</u>	<u>4,413,344</u>	<u>4,249,647</u>
Expenses:						
Salaries & benefits	1,898,460	1,930,354	35,667	48,756	1,934,127	1,979,110
Purchased services	663,535	627,755	59,988	57,253	723,523	685,008
Supplies and materials	109,481	118,452	589,647	619,368	699,128	737,820
Depreciation	21,978	18,583	2,737	2,832	24,715	21,415
Other objects	300	12,963	-	-	300	12,963
Pension expense (benefit)	177,171	(108,109)	-	5,484	177,171	(102,625)
OPEB expense	216,539	39,739	-	-	216,539	39,739
Payments to other governments	266,480	262,911	-	-	266,480	262,911
On-behalf payments - State	718,525	718,209	-	-	718,525	718,209
Total Expenses	<u>4,072,469</u>	<u>3,620,857</u>	<u>688,039</u>	<u>733,693</u>	<u>4,760,508</u>	<u>4,354,550</u>
Change in net position	(340,209)	(90,826)	(6,955)	(14,077)	(347,164)	(104,903)
Net position - Beginning (Restated)	<u>(143,103)</u>	<u>(52,277)</u>	<u>103,676</u>	<u>117,753</u>	<u>(39,427)</u>	<u>65,476</u>
Net position - Ending	<u>\$ (483,312)</u>	<u>\$ (143,103)</u>	<u>\$ 96,721</u>	<u>\$ 103,676</u>	<u>\$ (386,591)</u>	<u>\$ (39,427)</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Governmental Activities

For FY19, revenues for governmental activities were \$3,732,260 and expenditures were \$4,072,469. Revenues increased and expenditures increased from FY18. There was an increase in OPEB expenses and more State Source revenue. A slight increase in expenses occurred in purchased services.

Business-Type Activities

Combined revenue and expense for the Regional Office of Education No. 26's business-type activities decreased net position to (\$6,955). The decrease in net position was due to a decrease of revenues and expenses in fees for services.

Financial Analysis of the Regional Office of Education No. 26 Funds

As previously noted, the Regional Office of Education No. 26 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$553,631 in FY19 and \$680,838 in FY18, a decrease of \$127,207 (19%). The Regional Office's proprietary funds' net position was \$96,721 in FY19 and \$103,676 in FY18, a decrease of \$6,955 (7%).

Governmental Fund Highlights

Revenues for governmental funds were \$3,274,485 and expenditures were \$3,401,692 in FY19. Revenues decreased primarily from cuts in approved grant amounts and expenditures increased from FY18, primarily due to increased salaries and benefits.

- As of June 30, 2019, the ROE received approximately 88% of owed FY19 funds.

Proprietary Fund Highlights

Revenues for proprietary funds were \$681,084 and expenses were \$688,039 in FY19. The decrease in revenues from FY18 were mainly attributable to a decrease in fees for services in the programs. Expenses decreased slightly in FY19 which was related to less supplies and materials ordered by the entities that were serviced by the Western Area Purchasing Coop.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 increased during FY19. New asset additions totaled \$59,395 in FY19 and depreciation expense totaled \$24,715.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education No. 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 No. 26 are burdened with considerable financial challenges.
- ROE No. 26, along with the State ROE Association, is working to legislatively adjust future revenue projections. ROE No. 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 No. 26, 130 South Lafayette Street, Suite 200, Macomb, IL 61455.

BASIC FINANCIAL STATEMENTS

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 484,375	\$ 52,612	\$ 536,987
Due from other governments			
Local	45,930	539,517	585,447
State	125,586	-	125,586
Federal	131,731	-	131,731
Inventory	-	175,809	175,809
Prepaid expenses	2,388	-	2,388
Total current assets	<u>790,010</u>	<u>767,938</u>	<u>1,557,948</u>
Noncurrent Assets:			
Capital assets, net of depreciation	94,412	47,064	141,476
Total Noncurrent Assets	<u>94,412</u>	<u>47,064</u>	<u>141,476</u>
TOTAL ASSETS	<u>884,422</u>	<u>815,002</u>	<u>1,699,424</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	668,684	-	668,684
Deferred outflows related to OPEB	4,832	-	4,832
Total Deferred Outflows of Resources	<u>673,516</u>	<u>-</u>	<u>673,516</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	48,137	542,472	590,609
Accrued expenses	77,334	-	77,334
Due to other governments: Local	-	175,809	175,809
Unearned revenue	20,552	-	20,552
Total current liabilities	<u>146,023</u>	<u>718,281</u>	<u>864,304</u>
Noncurrent Liabilities:			
Compensated absences	78,551	-	78,551
OPEB liabilities	840,687	-	840,687
Net pension liability	423,732	-	423,732
Total Noncurrent Liabilities	<u>1,342,970</u>	<u>-</u>	<u>1,342,970</u>
TOTAL LIABILITIES	<u>1,488,993</u>	<u>718,281</u>	<u>2,207,274</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	420,483	-	420,483
Deferred inflows related to OPEB	131,774	-	131,774
Total Deferred Inflows of Resources	<u>552,257</u>	<u>-</u>	<u>552,257</u>
NET POSITION			
Net Investment in capital assets	94,412	47,064	141,476
Restricted-other	268,267	-	268,267
Unrestricted	(845,991)	49,657	(796,334)
TOTAL NET POSITION	<u>\$ (483,312)</u>	<u>\$ 96,721</u>	<u>\$ (386,591)</u>

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 248,347	\$ 92,005	\$ 144,023	\$ -	\$ 484,375
Due from other funds	506,436	-	-	(506,436)	-
Due from other governments:					
Local	45,930	-	-	-	45,930
State	-	125,586	-	-	125,586
Federal	-	131,731	-	-	131,731
Prepaid expenses	2,388	-	-	-	2,388
TOTAL ASSETS	<u>\$ 803,101</u>	<u>\$ 349,322</u>	<u>\$ 144,023</u>	<u>\$ (506,436)</u>	<u>\$ 790,010</u>
LIABILITIES					
Accounts payable	\$ -	\$ 48,137	\$ -	\$ -	\$ 48,137
Accrued expenses	28,595	48,739	-	-	77,334
Due to other funds	398,786	107,650	-	(506,436)	-
Unearned revenue	-	20,552	-	-	20,552
Total Liabilities	<u>427,381</u>	<u>225,078</u>	<u>-</u>	<u>(506,436)</u>	<u>146,023</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	90,356	-	-	90,356
FUND BALANCE (DEFICIT)					
Nonspendable	2,388	-	-	-	2,388
Restricted	-	57,549	144,023	-	201,572
Unassigned	373,332	(23,661)	-	-	349,671
Total Fund Balance (Deficit)	<u>375,720</u>	<u>33,888</u>	<u>144,023</u>	<u>-</u>	<u>553,631</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 803,101</u>	<u>\$ 349,322</u>	<u>\$ 144,023</u>	<u>\$ (506,436)</u>	<u>\$ 790,010</u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2019**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		\$ 553,631
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.		94,412
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		90,356
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	\$ 668,684	
Deferred inflows of resources - pension	(420,483)	
Deferred outflows of resources - OPEB	4,832	
Deferred inflows of resources - OPEB	<u>(131,774)</u>	121,259
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	\$ (78,551)	
Net pension liability	(423,732)	
OPEB liabilities	<u>(840,687)</u>	<u>(1,342,970)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (483,312)</u></u>

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 388,144	\$ 39,623	\$ 27,743	\$ -	\$ 455,510
State sources	394,902	1,856,553	1,355	-	2,252,810
On-behalf payments - State	283,512	-	-	-	283,512
Federal sources	14,985	265,691	-	-	280,676
Investment earnings	1,627	-	350	-	1,977
Total revenues	<u>1,083,170</u>	<u>2,161,867</u>	<u>29,448</u>	<u>-</u>	<u>3,274,485</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	633,607	1,370,275	11,293	-	2,015,175
OPEB expense	4,831	-	-	-	4,831
Purchased services	261,731	352,620	49,184	-	663,535
Supplies and materials	26,162	75,902	6,400	-	108,464
Other objects	300	-	-	-	300
Capital outlay	39,811	17,787	1,797	-	59,395
On-behalf payments - State	283,512	-	-	-	283,512
Intergovernmental:					
Payments to other governments	-	266,480	-	-	266,480
Total Expenditures	<u>1,249,954</u>	<u>2,083,064</u>	<u>68,674</u>	<u>-</u>	<u>3,401,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>(166,784)</u>	<u>78,803</u>	<u>(39,226)</u>	<u>-</u>	<u>(127,207)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	16,814	-	(16,814)	-
Transfers out	(16,814)	-	-	16,814	-
Total other financing sources (uses)	<u>(16,814)</u>	<u>16,814</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(183,598)	95,617	(39,226)	-	(127,207)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>559,318</u>	<u>(61,729)</u>	<u>183,249</u>	<u>-</u>	<u>680,838</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 375,720</u>	<u>\$ 33,888</u>	<u>\$ 144,023</u>	<u>\$ -</u>	<u>\$ 553,631</u>

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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, 2019

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ 127,207

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	\$ 59,395	
Disposal of assets, net	(1,017)	
Depreciation expense	<u>(21,978)</u>	36,400

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	\$ (67,594)	
Current year unavailable revenue	<u>90,356</u>	22,762

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		1,545
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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	\$ (62,001)	
Cost of OPEB benefits earned, net	<u>(211,708)</u>	<u>(273,709)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (340,209)

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-type Activities		Total
	Enterprise Funds		
	Western Area Purchasing Co-Op	Nonmajor Fingerprinting Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 33,230	\$ 19,382	\$ 52,612
Due from other governments			
Local	539,517	-	539,517
Inventory	175,809	-	175,809
Total current assets	<u>748,556</u>	<u>19,382</u>	<u>767,938</u>
Noncurrent assets:			
Capital assets, being depreciated, net	47,064	-	47,064
TOTAL ASSETS	<u>795,620</u>	<u>19,382</u>	<u>815,002</u>
LIABILITIES			
Current liabilities:			
Due to other governments - Local	175,809	-	175,809
Accounts payable	539,517	2,955	542,472
TOTAL LIABILITIES	<u>715,326</u>	<u>2,955</u>	<u>718,281</u>
NET POSITION			
Net investment in capital assets	47,064	-	47,064
Unrestricted	33,230	16,427	49,657
TOTAL NET POSITION	<u>\$ 80,294</u>	<u>\$ 16,427</u>	<u>\$ 96,721</u>

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities		Totals
	Enterprise Funds		
	Western Area Purchasing Co-Op	Nonmajor Fingerprinting Fund	
OPERATING REVENUES			
Fees for services	\$ 629,299	\$ 51,785	\$ 681,084
Total Operating Revenues	<u>629,299</u>	<u>51,785</u>	<u>681,084</u>
OPERATING EXPENSES			
Salaries and benefits	35,667	-	35,667
Purchased services	16,432	43,556	59,988
Supplies and materials	589,647	-	589,647
Depreciation	2,737	-	2,737
Total operating expenses	<u>644,483</u>	<u>43,556</u>	<u>688,039</u>
OPERATING LOSS	(15,184)	8,229	(6,955)
NET POSITION - BEGINNING	<u>95,478</u>	<u>8,198</u>	<u>103,676</u>
NET POSITION - ENDING	<u>\$ 80,294</u>	<u>\$ 16,427</u>	<u>\$ 96,721</u>

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		Totals
	Western Area Purchasing Co-Op	Nonmajor Enterprise Funds	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 499,480	\$ 51,785	\$ 551,265
Payments to suppliers and providers of goods and services	(476,260)	(40,601)	(516,861)
Payments to employees	(35,667)	-	(35,667)
Net cash provided by (used for) operating activities	<u>(12,447)</u>	<u>11,184</u>	<u>(1,263)</u>
 Net increase (decrease) in cash and cash equivalents	 (12,447)	 11,184	 (1,263)
 Cash and cash equivalents - Beginning	 <u>45,677</u>	 <u>8,198</u>	 <u>53,875</u>
 Cash and cash equivalents - Ending	 <u>\$ 33,230</u>	 <u>\$ 19,382</u>	 <u>\$ 52,612</u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (15,184)	\$ 8,229	\$ (6,955)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	2,737	-	2,737
Increase in assets:			
Due from other governments	(129,819)	-	(129,819)
Inventory	(5,058)	-	(5,058)
Increase in liabilities:			
Accounts payable	129,819	2,955	132,774
Due to other governments	5,058	-	5,058
 Net cash provided by (used for) operating activities	 <u>\$ (12,447)</u>	 <u>\$ 11,184</u>	 <u>\$ (1,263)</u>

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 91,679
Due from other governments	<u>1,091,451</u>
TOTAL ASSETS	<u><u>\$ 1,183,130</u></u>
 LIABILITIES	
Due to other governments	<u>\$ 1,183,130</u>
TOTAL LIABILITIES	<u><u>\$ 1,183,130</u></u>

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fulton, Hancock, McDonough, and Schuyler Counties Regional Office of Education No. 26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the Regional Office of Education No. 26 implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; and GASB Statement No. 88, *Certain Disclosures Related to Debt*. The implementation of GASB Statement No. 83 and GASB Statement No. 88 had no significant impact on the financial statements of the Regional Office of Education No. 26.

A. DATE OF MANAGEMENT’S REVIEW

The Regional Office of Education No. 26 has evaluated subsequent events through August 7, 2020, 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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, 2019, the Regional Office of Education No. 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 No. 26. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education No. 26 reporting entity includes all related organizations for which they exercise oversight responsibility.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

The Regional Office of Education No. 26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 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 No. 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 No. 26's reporting entity because of the significance of its operational or financial relationship with the Regional Office of Education No. 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 No. 26 does not control their assets, operations, or management. In addition, the Regional Office of Education No. 26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 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 No. 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 No. 26 has two business-type activities that rely on fees and charges for support.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Regional Office of Education No. 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 No. 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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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 No. 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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING

The Regional Office of Education No. 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 No. 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 No. 26 has presented all major funds that met the above qualifications. The Regional Office of Education No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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.

Tracy Family Foundation – Used to account for local grant proceeds for teacher leadership programs.

The Regional Office of Education No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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 No. 26 reports the following nonmajor proprietary fund:

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 No. 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 No. 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.

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REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, Truants Alternative Optional Education Program Training 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 No. 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 No. 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 No. 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 Black Grant, McKinney Education for Homeless Children, and Title II – Teacher Quality.

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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, 2019, the balance of compensated absences was \$78,551, a decrease of \$1,545 from the previous fiscal year.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Compensated Absences	\$ 80,096	\$ -	\$ 1,545	\$ 78,551

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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 No. 26's OPEB Plan and additions to/deductions from the Regional Office of Education No. 26's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 26's Plan. For this purpose, the Regional Office of Education No. 26's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 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 No. 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) - 2018, Early Childhood Grant (3705-00) - 2019, Early Childhood Block Grant (3705-01) - 2018, Early Childhood Block Grant (3705-01) - 2019, McKinney Education for Homeless Children (18- 4920), McKinney Education for Homeless Children (19- 4920), McKinney Education for Homeless Children- ROE 26 Subgrant, Regional Safe Schools (19-3696), Regional Safe Schools Cooperative (18-3999), Regional Safe Schools Cooperative (19-3999), Title II – Teacher Leadership (19-4935-02), Truants Alternative Optional Education (18-3695), Truants Alternative Optional Education (19-3695), Truants Alternative Optional Education Program Training (18-3695-PD), Truants Alternative Optional Education Program Training (19-3695-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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 No. 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, 2019, the carrying amount of the Regional Office of Education No. 26's government-wide and agency fund deposits were \$536,987 and \$91,679, respectively, and the total bank balance was \$798,048. Of the total bank balances as of June 30, 2019, \$250,000 was secured by federal depository insurance and \$548,048 was collateralized by securities pledged by the Regional Office of Education No. 26's financial institution on behalf of the Regional Office. In addition, \$1,484 was invested in the Illinois Funds Money Market Fund.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education No. 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 No. 26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2019, the Regional Office of Education No. 26 had investments with carrying value of \$1,484 in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2019, 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 No. 26 obtained a short-term line of credit 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 a renewal maturity date of November 2, 2018. This note, which has cash available when needed, was renewed for an additional year through November 2, 2019.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

NOTE 3 – SHORT-TERM DEBT (Concluded)

The short-term debt activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Notes Payable	\$ -	\$ -	\$ -	\$ -

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF) Plan Description

The Regional Office of Education No. 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 No. 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.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	32
Inactive Plan Members entitled to but not yet receiving benefits	24
Active Plan Members	21
Total	77

Contributions

As set by statute, the Regional Office of Education No. 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 No. 26’s annual contribution rate for calendar year 2018 was 9.96%. For the fiscal year ended 2019, the Regional Office of Education No. 26 contributed \$89,595 to the plan. The Regional Office of Education No. 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.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The Regional Office of Education No. 26's net pension liability was measured as of December 31, 2018. 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, 2018:

- 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 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-217 (base year 2015). The IMRF-specific rates for **Mortality** 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity	-	8.50%
Hedge Funds	-	5.50%
Commodities	-	3.20%
Cash Equivalents	1%	2.50%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2017	\$ 3,412,657	\$ 3,620,509	\$ (207,852)
Changes for the year:			
Service Cost	82,114	-	82,114
Interest on the Total Pension Liability	255,129	-	255,129
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	119,243	-	119,243
Changes of Assumptions	119,367	-	119,367
Contributions – Employer	-	85,704	(85,704)
Contributions – Employees	-	40,421	(40,421)
Net Investment Income	-	(168,667)	168,667
Benefit Payments, including Refunds of Employee Contributions	(103,995)	(103,995)	-
Other (Net Transfer)	-	47,688	(47,688)
Net Changes	471,858	(98,849)	570,707
Balances at December 31, 2018	\$ 3,884,515	\$ 3,521,660	\$ 362,855

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 7.25%, 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 (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net Pension Liability (Asset)	\$ 903,195	\$ 362,855	\$ (82,515)

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019, the Regional Office of Education No. 26 recognized pension expense of \$252,054. At June 30, 2019, the Regional Office of Education No. 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	\$ 84,395	\$ 19,425
Changes of assumptions	73,620	14,623
Net difference between projected and actual earnings on pension plan investments	<u>386,628</u>	<u>186,340</u>
Total Deferred Amounts to be recognized in pension expense in future periods	544,643	220,388
Pension Contributions made subsequent to the Measurement Date	<u>46,938</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 591,581</u>	<u>\$ 220,388</u>

\$46,938 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, 2020. 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>
2019	\$120,811
2020	88,428
2021	26,453
2022	88,563
2023	-
Thereafter	-
Total	<u>\$324,255</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

The Regional Office of Education No. 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.org/financial/cafrs/fv2018>; 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, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the State of Illinois.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
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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, 2018, 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 No. 26.

On-behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 26. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education No. 26 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education No. 26, and the Regional Office of Education No. 26 recognized revenue and expenditures of \$391,663 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, 2019, were \$3,059, and are deferred because they were paid after the June 30, 2018, measurement date.

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 26, there is a statutory requirement for the Regional Office of Education No. 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. 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.

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

Federal and Special Trust Fund Contributions (Concluded)

TRS has determined that beginning in the current fiscal year ended June 30, 2018, the actual contributions to the plan used as a basis of allocation no longer includes contributions paid from special trust or federal funds. In prior years, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS. Because of a change to the Illinois Pension Code (40 ILCS 5/16-158(c)), beginning July 1, 2017, employer contributions to the plan paid from special trust or federal funds are to be based upon a rate, expressed as a percentage of salary, equal to the total employer’s normal cost. TRS now categorizes employer contributions from special trust or federal funds as employer specific liabilities under GASB Statement No. 68, paragraph 92.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$32,967 were paid from federal and special trust funds that required employer contributions of \$3,247. These contributions are deferred because they were paid after the June 30, 2018 measurement date.

Employer Retirement Cost Contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 26 is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the Regional Office of Education No. 26 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, no payments for salary increase in excess of 3 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, 2019, the Regional Office of Education No. 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.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
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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	\$	60,877
State’s proportionate share of the net pension liability associated with the employer		4,170,328
Total	\$	4,231,205

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. The Regional Office of Education No. 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, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Regional Office of Education No. 26’s proportion was .0000781026 percent, which was a decrease of .0001017 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Regional Office of Education No. 26 recognized pension expense of \$391,663 and revenue of \$391,663 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 26 recognized pension income of \$74,883. At June 30, 2019, the Regional Office of Education No. 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	\$ 1,224	\$ 13
Net difference between projected and actual earnings on pension plan investments	-	186
Changes in assumptions	2,670	1,725
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,903	198,171
Employer contributions subsequent to the measurement date	6,306	-
Total	\$ 77,103	\$ 200,095

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

\$6,306 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, 2020. 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		
2020	\$	(49,811)
2021		(49,343)
2022		(12,054)
2023		(11,895)
2024		(6,195)
	<u>\$</u>	<u>(129,298)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 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

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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	15.0%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U.S. bonds high yield	4.2%	4.4%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Real return	4.0%	1.8%
Absolute return	14.0%	3.9%
Private equity	15.0%	10.2%
Total	100.0%	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2018 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.

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

Sensitivity of the Regional Office of Education No. 26’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Regional Office of Education No. 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	\$ 74,660	\$ 60,877	\$ 49,778

TRS Fiduciary Net Position

Detailed information about the TRS’s fiduciary net position as of June 30, 2018, 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 No. 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 No. 26. For the year ended June 30, 2019, State of Illinois contributions recognized by the Regional Office of Education No. 26 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 26, and recognized revenue and expenditures of \$43,350 in OPEB contributions from the State of Illinois.

Employer Contributions to the THIS Fund

The Regional Office of Education No. 26 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2019, and 0.88 and 0.84 percent during the years ended June 30, 2018 and 2017, respectively. For the year ended June 30, 2019, the Regional Office of Education No. 26 paid \$4,831 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the Regional Office paid \$4,924 and \$4,599 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, 2017, 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 2018. For fiscal years on and after 2019, 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 0.36% is added to non- Medicare costs on and after 2022 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, 2017 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).

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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 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

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 No. 26’s proportionate share of the collective net OPEB liability, calculated using a Single Discount Rate of 3.62%, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.62%) or lower (2.62%) than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Employer’s proportionate share of the collective net OPEB liability	\$ 747,598	\$ 621,830	\$ 522,426

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 No. 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 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

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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	\$ 504,149	\$ 621,830	\$ 780,217
<i>(a) One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.</i>			
<i>(b) One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.</i>			

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

At June 30, 2019, the Regional Office of Education No. 26 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 26.

The amount recognized by the Regional Office of Education No. 26 as its proportionate share of the collective net OPEB liability, the related State support, and the total proportion of the collective net OPEB liability that was associated with the Regional Office of Education No. 26 were as follows:

Employers proportionate share of the collective net OPEB liability	\$	621,830
State’s proportionate share of the collective net OPEB liability associated with the employer		835,024
Total		\$ 1,456,854

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the June 30, 2018 measurement date.

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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 No. 26's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 26's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 26, actuarially determined. At June 30, 2018, the ROE's proportion was 0.002360%, which was a decrease of 0.000020% from its proportion measured as of June 30, 2017 of 0.002380%. The State's support and total are for disclosure purposes only.

For the year ended June 30, 2019, the Regional Office of Education No. 26 recognized OPEB expense of \$43,350 and revenue of \$43,350 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 26 recognized OPEB expense of \$26,513. At June 30, 2019, the Regional Office of Education No. 26 had \$1 deferred outflows of resources and \$131,774 of deferred inflows of resources related to OPEB.

At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,231
Net difference between projected and actual earnings on plan investments	-	19
Changes in assumptions	-	90,549
Changes in proportion and differences between employer contributions and proportionate share of contributions	1	38,975
Employer contributions subsequent to the measurement date	4,831	-
Total	\$ 4,832	\$ 131,774

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
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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)

\$4,831 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 26’s OPEB expense as follows in these reporting years:

Year Ending June 30	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (20,400)
2021	(20,400)
2022	(20,400)
2023	(20,399)
2024	(20,395)
Thereafter	(29,779)
Total	<u>\$ (131,773)</u>

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2018, is available in the separately issued THIS Financial Report.

B. WESTERN AREA SCHOOL HEALTH BENEFIT (WAS) PLAN

Plan Description

The Regional Office of Education No. 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.

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REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Eligibility Provisions

Full-Time Employees - IMRF

Tier I IMRF Full-Time employees:

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

Tier II IMRF Full-Time employees:

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

Full-Time Employees - TRS

Tier I TRS Full-Time employees:

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

Tier II TRS Full-Time employees:

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

Benefits Provided

The Regional Office of Education No. 26 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. Benefits for the WAS Plan include Medical and prescription drug benefits under PPO and HSA plans. IMRF and TRS employees may continue health insurance in retirement; however, they are responsible for paying the full cost of the medical premium. Eligible spouse/dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse/dependent is responsible for the full cost of coverage. Additional coverage is also provided for dental, vision and life insurance. IMRF and TRS employees may continue dental and vision insurance through Western Area School Benefit Plan; however, they are responsible for paying the full cost of the insurance premium.

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NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Membership

At June 30, 2018 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	28
Total	<hr style="width: 100%; border: 0.5px solid black;"/> 28

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.

Contributions from Other ROE Resources of \$7,396 and Benefit Payments of \$7,396 from Other ROE Resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Total OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2018 actuarial valuation date and adjusted to the June 30, 2019 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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	3.50%
Long-Term Expected Rate of Return on Plan Assets	N/A. OPEB obligation is unfunded
Long-Term Inflation Expectation	2.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.50%
Salary Increases	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation.
Premiums	Premiums charged for coverage of retiree and spouse are \$9,636 and \$11,784, respectively with a \$1,000 deductible. Premiums charged for coverage of retiree and spouse are \$9,312 and \$9,684, respectively with a \$2,000 deductible.
Healthcare Trend Rates	Initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2019, trend starts at 6.87% (\$1,000 and \$2,000 Deductible Plans) and gradually decreases to an ultimate trend of 5.00%.

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

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

For any active IMRF or TRS participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are no participants impacted by this assumption.

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

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

The following are the changes in assumptions for the July 1, 2018 actuarial valuation:

- The assumed increases in medical costs have been revised to 7.10% (\$1,000 and \$2,000 Plans) in the first year of the projection grading uniformly over a 10-year period to an ultimate rate of 5.00%. Previously, both plans were projected at 8.00% grading uniformly over a 5-year period to an ultimate rate of 5.00%.
- Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.
- The expected rate of compensation increases has lowered from 3.56% to 2.25% based upon the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation.
- The percent of active employees assumed to continue participation from the active medical plan into the retiree medical plan upon retirement has been decreased to 30% (previously 40%) based on the current census information. Of the employees assumed to elect coverage in retirement, it is assumed 50% (previously 90%) will elect spousal coverage.
- If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.
- The mortality, retirement, termination, and disability tables were changed to reflect more current trends in IMRF and TRS populations.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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, 2018	\$ 29,179
Changes for the period:	
Service Cost	4,502
Interest Cost	7,881
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(25,772)
Changes in Assumptions	210,463
Benefit Payments	(7,396)
Net Changes	189,678
Balances at June 30, 2019	\$ 218,857

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Regional Office of Education No. 26, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of the year rate is the June 28, 2018 rate, and the end of year rate is the June 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody’s Aa2 and Standard & Poor’s AA.

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

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

Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 26’s total OPEB liability calculated using a discount rate of 3.50%, 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease	Current	Discount Rate	1% Increase
	(2.50%)	(3.50%)	(3.50%)	(4.50%)
ROE’s Total OPEB Liability	\$ 238,280	\$ 218,857	\$	201,902

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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 No. 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 (.84) in 2019, 7.10% in 2020 decreasing to an ultimate trend rate of 5.0% in 2029.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	((1.84) year one, 6.10% year two decreasing to 4.0%)	((.84) year one, 7.10% year two decreasing to 5.0%)	(0.16 year one, 8.10% year two decreasing to 6.0%)
ROE’s Total			
OPEB Liability \$	197,519	\$ 218,857	\$ 243,287

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

For the year ended June 30, 2019, the Regional Office of Education No. 26 recognized OPEB expense of \$189,678. At June 30, 2019 the Regional Office of Education No. 26 had no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 7 – RISK MANAGEMENT

The Regional Office of Education No. 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 No. 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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	\$ -	\$ 93,123
Regional Programs	-	305,663
Alternative Schools	500,004	-
Interest	6,432	-
Education Funds		
Child and Family Connections	-	7,143
Early Childhood Grant	-	4,368
Early Childhood Block Grant	-	19,011
McKinney Education for Homeless Children	-	76,167
Title II – Teacher Leadership	-	960
Title II – Teacher Quality	-	1
	<u>\$ 506,436</u>	<u>\$ 506,436</u>

TRANSFERS

Interfund transfers in/out to other funds at June 30, 2019, 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		
Alternative Schools	\$ -	\$ 16,814
Education Funds		
Truants Alternative Optional Education Program Training	16,814	-
	<u>\$ 16,814</u>	<u>\$ 16,814</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 – OPERATING LEASES

The Regional Office of Education No. 26 leases classroom and office space from various parties. During the fiscal year 2018, the Regional Office of Education No. 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 July 1, 2018 through June 30, 2019 at the same monthly rate.

The Regional Office of Education No. 26 leases office space located at 749 E. Locust St., Canton, Illinois. The lease for the year ended June 30, 2019 was \$29,000 plus reimbursement for improvements per schedule. The lease term is from July 1, 2018 through June 30, 2019. The agreement will automatically renew for annual terms unless written notice is given by May 1 of each year. Reimbursement for improvements total \$24,865 will be paid over a seven-year schedule through 2025. If the lease is cancelled at any time before the reimbursements are paid off, an immediate payment of the balance remaining is required.

The Regional Office of Education No. 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 No. 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 leased office space located at 616 East Polk, Cuba, Illinois for \$200 per month. The lease ran from July 1, 2018 through June 30, 2019, 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, 2019 was \$100,377. Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	
2020	\$ 29,352
2021	3,552
2022	3,552
2023	3,552
2024	3,552
2025 and thereafter	3,552
Total	<u>\$ 47,112</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 10 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education No. 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, 2019:

	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Governmental Activities:				
Software, Furniture and Equipment, and Building	\$ 241,840	\$ 59,395	\$ (2,596)	\$ 298,639
Governmental Activities Total Assets	241,840	59,395	(2,596)	298,639
Less Accumulated Depreciation	183,828	21,978	(1,579)	204,227
Governmental Activities				
Investment in Capital Assets, Net	\$ 58,012	\$ 37,417	\$ (1,017)	\$ 94,412
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	41,656	2,737	-	44,393
Business-type Activities				
Investment in Capital Assets, Net	\$ 49,801	\$ (2,737)	\$ -	\$ 47,064

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, 2019 of \$21,978 and \$2,737 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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 – LONG-TERM LIABILITIES

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

	Balance			Balance
	July 1, 2018	Increases	Decreases	June 30, 2019
Compensated Absences	\$ 80,096	\$ -	\$ 1,545	\$ 78,551
Net Pension Liability - TRS	137,427	-	76,550	60,877
Net Pension Liability – IMRF	-	362,855	-	362,855
OPEB Liability – THIS	617,612	4,218	-	621,830
OPEB Liability – WAS	29,179	222,846	33,168	218,857
	<u>\$ 864,314</u>	<u>\$ 589,919</u>	<u>\$ 111,263</u>	<u>\$ 1,342,970</u>

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 26:

Regional Superintendent Salary	\$ 112,512
Assistant Regional Superintendent Salary	101,256
Regional Superintendent Benefits (includes State-paid insurance)	35,209
Assistant Regional Superintendent Benefits (includes State-paid insurance)	34,535
Total	<u>\$ 283,512</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 No. 26 also recorded \$391,663 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 \$43,350 in revenue and expenses as on-behalf payments from the THIS fund for the Regional Office of Education No. 26’s share of the OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 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	\$ 283,512
ROE No. 26’s share of TRS pension expense	391,663
ROE No. 26’s share of THIS OPEB expense	43,350
Total	<u>\$ 718,525</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 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	\$ 45,930
<u>Education Fund</u>	
Illinois State Board of Education	237,544
Department of Human Services	19,773
<u>Proprietary Funds</u>	
Local Governments	539,517
<u>Fiduciary Funds</u>	
Illinois State Board of Education	1,091,451
Total	<u>\$ 1,934,215</u>

Due to Other Governments:	
<u>Proprietary Funds</u>	
Local Governments	\$ 175,809
<u>Fiduciary Funds</u>	
Local Governments	1,183,130
Total	<u>\$ 1,358,939</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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

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

The following funds had fund deficits as of June 30, 2019:

Fund	Amount
Governmental Funds:	
General Funds	
County	\$ 93,123
Regional Programs	305,252
Total General Funds	\$ 398,375
 Education Funds	
Early Childhood Grant	\$ 2,209
Early Childhood Block Grant	3,588
McKinney Education for Homeless Children	17,863
Title II - Teacher Quality	1
Total Education Funds	\$ 23,661

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FIVE CALENDAR YEARS
(UNAUDITED)

Calendar Year Ended December 31,	2018	2017	2016	2015	2014*
Total Pension Liability					
Service Cost	\$ 82,114	\$ 79,094	\$ 80,033	\$ 153,971	\$ 83,338
Interest on the Total Pension Liability	255,129	252,866	257,216	229,588	171,386
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual					
Experience of the Total Pension Liability	119,243	(116,116)	(302,162)	107,718	(18,897)
Changes of Assumptions	119,367	(88,793)	-	-	84,040
Benefit Payments, including Refunds of					
Employee Contributions	(103,995)	(89,109)	(96,141)	(75,704)	(84,570)
Net Change in Total Pension Liability	<u>\$ 471,858</u>	<u>\$ 37,942</u>	<u>\$ (61,054)</u>	<u>\$ 415,573</u>	<u>\$ 235,297</u>
Total Pension Liability - Beginning	<u>3,412,657</u>	<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>\$ 3,884,515</u></u>	<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	\$ 85,704	\$ 72,114	\$ 97,547	\$ 95,671	\$ 86,972
Contributions - Employees	40,421	38,484	39,097	41,338	33,791
Net Investment Income	(168,667)	544,474	(52,879)	334,849	137,716
Benefit Payments, including Refunds of Employee					
Contributions	(103,995)	(89,109)	(96,141)	(75,704)	(84,570)
Other (Net Transfer)	47,688	(131,898)	2,508	(47,116)	(1,818)
Net Change in Plan Fiduciary Net Position	<u>\$ (98,849)</u>	<u>\$ 434,065</u>	<u>\$ (9,868)</u>	<u>\$ 349,038</u>	<u>\$ 172,091</u>
Plan Fiduciary Net Position - Beginning	<u>3,620,509</u>	<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>\$ 3,521,660</u></u>	<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>\$ 362,855</u></u>	<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	90.66%	106.09%	94.42%	93.03%	94.42%
Covered Payroll	\$ 860,486	\$ 777,091	\$ 766,881	\$ 760,063	\$ 662,005
Net Pension Liability as a Percentage of Covered Payroll	42.17%	(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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FIVE 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
2018	\$ 85,704	\$ 85,704	\$ -	\$ 860,486	9.96%
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 2018 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 2018 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>	25-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
<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, in 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, 2016, actuarial valuation; note two-year lag between valuation and rate setting.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 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, 2019 +
(UNAUDITED)

	FY18*	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000781026%	0.0001798824%	0.0088880000%	0.0004787691%	0.0004288104%
Employer's proportionate share of the net pension liability	\$ 60,877	\$ 137,427	\$ 70,163	\$ 313,642	\$ 260,967
State's proportionate share of the net pension liability associated with the employer	4,170,328	4,054,283	4,710,897	3,762,668	2,627,105
Total	\$ 4,231,205	\$ 4,191,710	\$ 4,781,060	\$ 4,076,310	\$ 2,888,072
Employer's covered payroll	\$ 559,498	\$ 547,484	\$ 593,491	\$ 440,045	\$ 431,540
Additional employer's covered payroll due to consolidation	-	-	-	127,241	-
Total employer's covered payroll	\$ 559,498	\$ 547,484	\$ 593,491	\$ 567,286	\$ 431,540
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.9%	25.1%	11.8%	55.3%	60.5%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2019 +
(UNAUDITED)

	FY19	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 6,306	\$ 6,582	\$ 7,410	\$ 3,443	\$ 16,037	\$ 15,300
Contributions in relation to the statutorily required contribution	6,306	6,582	7,410	3,443	16,083	15,589
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (46)	\$ (289)
Employer's Covered payroll	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491	\$ 440,045	\$ 431,540
Contributions as a percentage of covered payroll	1.20%	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 2018, 2017 and 2016 measurement years, 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, but the rates of increase in the 2018 measurement year were slightly higher.

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Years Ended June 30
(UNAUDITED)

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.002360%	0.002380%	0.002548%
Employer's proportionate share of the collective net OPEB liability	\$ 621,830	\$ 617,612	\$ 696,526
State's proportionate share of the collective net OPEB liability associated with the employer	<u>835,024</u>	<u>811,048</u>	<u>965,837</u>
Total	<u><u>\$ 1,456,854</u></u>	<u><u>\$ 1,428,660</u></u>	<u><u>\$ 1,662,363</u></u>
Employer's covered payroll	\$ 559,498	\$ 547,484	\$ 593,491
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	111.14%	112.81%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Years Ended June 30
(UNAUDITED)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 4,831	\$ 4,924	\$ 4,599	\$ 4,748
Contribution in relation to the statutorily required contribution	4,831	4,924	4,599	4,748
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 525,125	\$ 559,498	\$ 547,484	\$ 593,491
Contributions as a percentage of covered payroll	0.92%	0.88%	0.84%	0.80%

Note:

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

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' HEALTH INSURANCE SECURITY FUND
For the Year Ended June 30, 2019
(UNAUDITED)

1. CHANGES OF BENEFIT TERMS

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

2. CHANGES OF ASSUMPTIONS

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to depend on service and range from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption. Discount rate used to calculate the present values and costs of the OPEB was 3.62 % at June 30, 2018 and 3.56% at June 30, 2017.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30
(UNAUDITED)

	2019	2018
Total OPEB Liability		
Service Cost	\$ 4,502	\$ 3,049
Interest Cost	7,881	1,003
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(25,772)	-
Changes of Assumptions	210,463	-
Benefit Payments	(7,396)	-
Net Change in OPEB Liability	\$ 189,678	\$ 4,052
Total OPEB Liability - Beginning	29,179	25,127
Total OPEB Liability - Ending	\$ 218,857	\$ 29,179
Covered Payroll	\$ 1,232,569	\$ 1,223,193
Total OPEB Liability as a Percentage of Covered Payroll	17.76%	2.39%

Notes to Schedule:

Changes of Benefit Terms

In the June 30, 2019 actuarial valuation, the dental and vision benefits were removed in the current year.

Changes of Assumptions

The following are the changes in assumptions for the July 1, 2018 actuarial valuation:

- The assumed increases in medical costs have been revised to 7.10% (\$1,000 and \$2,000 Plans) in the first year of the projection grading uniformly over a 10-year period to an ultimate rate of 5.00%. Previously, both plans were projected at 8.00% grading uniformly over a 5-year period to an ultimate rate of 5.00%.
- Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2018 to 3.87% at the beginning of fiscal year 2019 to 3.50% at the end of fiscal year 2019.
- The expected rate of compensation increases has been revised to 2.25% based upon the IMRF December 31, 2017 Actuarial Valuation and the TRS June 30, 2017 Actuarial Valuation.
- The percent of active employees assumed to continue participation from the active medical plan into the retiree medical plan upon retirement has been decreased to 30% (previously 40%) based on the current census information. Of the employees assumed to elect coverage in retirement, it is assumed 50% (previously 90%) will elect spousal coverage.
- If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.
- The mortality, retirement, termination, and disability tables were changed to reflect more current trends in IMRF and TRS populations.

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, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF EMPLOYER CONTRIBUTIONS
WESTERN AREA SCHOOL HEALTH BENEFIT PLAN
For the Years Ended June 30
(UNAUDITED)

	2019	2018
Actuarially determined contribution (ADC)	N/A	N/A
Contribution in relation to the actuarially determined contribution	-	-
Contribution deficiency (excess)	N/A	N/A
Employer's covered payroll	\$ 1,232,569	\$ 1,223,193
Contributions as a percentage of covered payroll	0.00%	0.00%

Notes to Schedule of Contributions:

There is no ADC or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB Liability. However, the ROE did make contributions from other ROE resources in the current year in the amount of \$7,396.

SUPPLEMENTAL INFORMATION

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2019

	County	Regional Programs	Interest	Alternative Schools	Edgenuity	Online Clearing	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 65,310	\$ -	\$ 181,856	\$ 1,181	\$ 248,347
Due from other funds	-	-	6,432	500,004	-	-	506,436
Due from other governments	-	-	-	14,590	31,340	-	45,930
Local	-	-	-	-	-	-	-
Prepaid expenses	-	2,388	-	-	-	-	2,388
Total Assets	\$ -	\$ 2,388	\$ 71,742	\$ 514,594	\$ 213,196	\$ 1,181	\$ 803,101
LIABILITIES							
Accrued expenses	\$ -	\$ 1,977	\$ -	\$ 26,618	\$ -	\$ -	\$ 28,595
Due to other funds	93,123	305,663	-	-	-	-	398,786
Total Liabilities	93,123	307,640	-	26,618	-	-	427,381
FUND BALANCE (DEFICIT)							
Nonspendable	-	2,388	-	-	-	-	2,388
Unassigned	(93,123)	(307,640)	71,742	487,976	213,196	1,181	373,332
Total Fund Balance (Deficit)	(93,123)	(305,252)	71,742	487,976	213,196	1,181	375,720
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)							
	\$ -	\$ 2,388	\$ 71,742	\$ 514,594	\$ 213,196	\$ 1,181	\$ 803,101

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2019

	County	Regional Programs	Interest	Alternative Schools	Edgenuity	Online Clearing	Totals
Revenues							
Local sources	\$ 202,007	\$ 8,347	\$ -	\$ 119,920	\$ 57,870	\$ -	\$ 388,144
State sources	-	-	-	394,902	-	-	394,902
On-half payments - State	-	283,512	-	-	-	-	283,512
Federal sources	-	-	-	14,985	-	-	14,985
Investment earnings	-	-	1,627	-	-	-	1,627
Total Revenues	202,007	291,859	1,627	529,807	57,870	-	1,083,170
Expenditures							
Instructional Services:							
Salaries and benefits	194,946	28,867	-	379,718	30,076	-	633,607
OPEB expense	-	4,831	-	-	-	-	4,831
Purchased services	55,789	11,116	-	163,647	31,179	-	261,731
Supplies and materials	1,931	11,782	-	12,449	-	-	26,162
Other objects	-	300	-	-	-	-	300
Capital outlay	1,500	983	-	35,355	1,973	-	39,811
On-half payments - State	-	283,512	-	-	-	-	283,512
Total Expenditures	254,166	341,391	-	591,169	63,228	-	1,249,954
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(52,159)	(49,532)	1,627	(61,362)	(5,358)	-	(166,784)
OTHER FINANCING SOURCES (USES):							
Transfers out	-	-	-	(16,814)	-	-	(16,814)
Total other financing sources (uses)	-	-	-	(16,814)	-	-	(16,814)
NET CHANGE IN FUND BALANCE (DEFICIT)	(52,159)	(49,532)	1,627	(78,176)	(5,358)	-	(183,598)
FUND BALANCE (DEFICIT), BEGINNING	(40,964)	(255,720)	70,115	566,152	218,554	1,181	559,318
FUND BALANCE (DEFICIT), ENDING	\$ (93,123)	\$ (305,252)	\$ 71,742	\$ 487,976	\$ 213,196	\$ 1,181	\$ 375,720

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2019

	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	\$ 21,859	\$ 713
Due from other governments						
State	19,773	35,774	19,325	-	-	-
Federal	-	-	-	-	-	-
Total Assets	\$ 19,773	\$ 35,774	\$ 19,325	\$ 1,141	\$ 21,859	\$ 713
Liabilities						
Accounts payable	\$ 2,330	\$ 9,080	\$ 3,902	\$ -	\$ -	\$ -
Accrued expenses	-	24,535	-	-	-	-
Due to other funds	7,143	4,368	19,011	-	-	-
Unearned revenue	10,300	-	-	-	-	-
Total Liabilities	\$ 19,773	\$ 37,983	\$ 22,913	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	-
Fund Balance (Deficit)						
Restricted	-	-	-	1,141	21,859	713
Unassigned	-	(2,209)	(3,588)	-	-	-
Total Fund Balance (Deficit)	-	(2,209)	(3,588)	1,141	21,859	713
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	\$ 19,773	\$ 35,774	\$ 19,325	\$ 1,141	\$ 21,859	\$ 713

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2019

	McKinney Education for Homeless Children	Regional Safe Schools	Regional Safe Schools Cooperative	ROE Technology Maintenance	Teen Court Donations	Teen Court Fines
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,048	\$ 366	\$ 10,252
Due from other governments						
State	-	-	-	-	-	-
Federal	130,771	-	-	-	-	-
Total Assets	\$ 130,771	\$ -	\$ -	\$ 1,048	\$ 366	\$ 10,252
Liabilities						
Accounts payable	\$ 32,825	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	76,167	-	-	-	-	-
Unearned revenue	-	-	-	-	-	10,252
Total Liabilities	108,992	-	-	-	-	10,252
Deferred Inflows of Resources						
Unavailable revenue	39,642	-	-	-	-	-
Fund Balance (Deficit)						
Restricted	-	-	-	1,048	366	-
Unassigned	(17,863)	-	-	-	-	-
Total Fund Balance (Deficit)	(17,863)	-	-	1,048	366	-
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	\$ 130,771	\$ -	\$ -	\$ 1,048	\$ 366	\$ 10,252

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2019

	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Truants Alternative Education	Truants Alternative Optional Education Program Training	United Way
Assets						
Cash and cash equivalents	\$ 27	\$ -	\$ -	\$ 6,455	\$ 43,470	\$ 5,214
Due from other governments						
State	-	-	-	-	50,714	-
Federal	-	960	-	-	-	-
Total Assets	\$ 27	\$ 960	\$ -	\$ 6,455	\$ 94,184	\$ 5,214
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	6,455	16,289	-
Due to other funds	-	960	1	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	960	1	6,455	16,289	-
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	50,714	-
Fund Balance (Deficit)						
Restricted	27	-	-	-	27,181	5,214
Unassigned	-	-	(1)	-	-	-
Total Fund Balance (Deficit)	27	-	(1)	-	27,181	5,214
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	\$ 27	\$ 960	\$ -	\$ 6,455	\$ 94,184	\$ 5,214

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2019

	ROE/ISC Operations	Early Childhood Prevention Initiative	Tracy Family Foundation	Totals
Assets				
Cash and cash equivalents	\$ 1,460	\$ -	\$ -	\$ 92,005
Due from other governments				
State	-	-	-	125,586
Federal	-	-	-	131,731
Total Assets	\$ 1,460	\$ -	\$ -	\$ 349,322
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 48,137
Accrued expenses	1,460	-	-	48,739
Due to other funds	-	-	-	107,650
Unearned revenue	-	-	-	20,552
Total Liabilities	1,460	-	-	225,078
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	90,356
Fund Balance (Deficit)				
Restricted	-	-	-	57,549
Unassigned	-	-	-	(23,661)
Total Fund Balance (Deficit)	-	-	-	33,888
Total Liabilities, Deferred Inflows, and Fund Balance (Deficit)	\$ 1,460	\$ -	\$ -	\$ 349,322

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2019

	Child and Family Connections	Early Childhood Grant	Early Childhood Block Grant	Family Violence	Hearing/Vision Screening	Local Donations
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 23,513	\$ -
State sources	509,507	468,115	360,270	-	-	-
Federal sources	-	-	-	-	-	-
Total Revenues	509,507	468,115	360,270	-	23,513	-
EXPENDITURES						
Instructional Services:						
Salaries and benefits	414,995	277,332	274,356	-	10,610	-
Purchased services	87,403	35,140	59,372	-	4,713	-
Supplies and materials	6,280	51,546	8,272	-	313	-
Capital outlay	829	9,183	5,075	-	-	-
Intergovernmental:						
Payments to other governments	-	56,087	-	-	-	-
Total Expenditures	509,507	429,288	347,075	-	15,636	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	38,827	13,195	-	7,877	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	38,827	13,195	-	7,877	-
FUND BALANCE (DEFICIT) - BEGINNING	-	(41,036)	(16,783)	1,141	13,982	713
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ (2,209)	\$ (3,588)	\$ 1,141	\$ 21,859	\$ 713

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2019**

	McKinney Education for Homeless Children	Regional Safe Schools	Regional Safe Schools Cooperative	ROE Technology Maintenance	Teen Court Donations	Teen Court Fines
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,852
State sources	-	60,660	41,453	-	-	-
Federal sources	264,731	-	-	-	-	-
Total Revenues	<u>264,731</u>	<u>60,660</u>	<u>41,453</u>	<u>-</u>	<u>-</u>	<u>8,852</u>
EXPENDITURES						
Instructional Services:						
Salaries and benefits	37,596	60,660	24,068	-	-	6,458
Purchased services	36,727	-	11,043	-	-	887
Supplies and materials	5,321	-	2,524	-	-	1,507
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	192,599	-	-	-	-	-
Total Expenditures	<u>272,243</u>	<u>60,660</u>	<u>37,635</u>	<u>-</u>	<u>-</u>	<u>8,852</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,512)</u>	<u>-</u>	<u>3,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(7,512)</u>	<u>-</u>	<u>3,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>(10,351)</u>	<u>-</u>	<u>(3,818)</u>	<u>1,048</u>	<u>366</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (17,863)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ 366</u>	<u>\$ -</u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2019**

	Title I - Foundational Services	Title II - Teacher Leadership	Title II - Teacher Quality	Truants Alternative Optional Education	Truants Alternative Optional Education Program Training	United Way
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 638
State sources	-	-	-	94,059	208,196	-
Federal sources	-	960	-	-	-	-
Total Revenues	-	960	-	94,059	208,196	638
EXPENDITURES						
Instructional Services:						
Salaries and benefits	-	-	-	78,351	110,141	-
Purchased services	-	960	-	5,945	85,454	-
Supplies and materials	-	-	-	-	139	-
Capital outlay	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	-	-	-	1,949	2,095	-
Total Expenditures	-	960	-	86,245	197,829	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	7,814	10,367	638
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	16,814	-
Total Other Financing Sources (Uses)	-	-	-	-	16,814	-
NET CHANGE IN FUND BALANCE	-	-	-	7,814	27,181	638
FUND BALANCE (DEFICIT) - BEGINNING	27	-	(1)	(7,814)	-	4,576
FUND BALANCE (DEFICIT) - ENDING	\$ 27	\$ -	\$ (1)	\$ -	\$ 27,181	\$ 5,214

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2019**

	ROE/ISC Operations	Early Childhood Prevention Initiative	Tracy Family Foundation	Totals
REVENUES				
Local sources	\$ -	\$ -	\$ 6,620	\$ 39,623
State sources	110,514	3,779	-	1,856,553
Federal sources	-	-	-	265,691
Total Revenues	110,514	3,779	6,620	2,161,867
EXPENDITURES				
Instructional Services:				
Salaries and benefits	75,708	-	-	1,370,275
Purchased services	18,356	-	6,620	352,620
Supplies and materials	-	-	-	75,902
Capital outlay	2,700	-	-	17,787
Intergovernmental:				
Payments to other governments	13,750	-	-	266,480
Total Expenditures	110,514	-	6,620	2,083,064
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	3,779	-	78,803
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	16,814
Total Other Financing Sources (Uses)	-	-	-	16,814
NET CHANGE IN FUND BALANCE	-	3,779	-	95,617
FUND BALANCE (DEFICIT) - BEGINNING	-	(3,779)	-	(61,729)
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -	\$ 33,888

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHILD AND FAMILY CONNECTIONS
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 515,974	\$ 515,974	\$ 509,507
Total Revenues	<u>\$ 515,974</u>	<u>\$ 515,974</u>	<u>\$ 509,507</u>
Expenditures			
Salaries and benefits	\$ 418,536	\$ 418,536	\$ 414,995
Purchased services	91,538	91,538	87,403
Supplies and materials	5,050	5,050	6,280
Capital outlay	850	850	829
Total Expenditures	<u>\$ 515,974</u>	<u>\$ 515,974</u>	<u>\$ 509,507</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK (3705-00) - 2018
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 393,447	\$ 397,923	\$ 38,827
Total Revenues	<u>\$ 393,447</u>	<u>\$ 397,923</u>	<u>\$ 38,827</u>
Expenditures			
Salaries and benefits	\$ 285,745	\$ 274,575	\$ -
Purchased services	21,334	23,337	-
Supplies and materials	33,368	47,011	-
Payments to other governments	53,000	53,000	-
Total Expenditures	<u>\$ 393,447</u>	<u>\$ 397,923</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 38,827
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(38,827)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK (3705-00) - 2019
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 429,288	\$ 429,288	\$ 429,288
Total Revenues	<u>\$ 429,288</u>	<u>\$ 429,288</u>	<u>\$ 429,288</u>
Expenditures			
Salaries and benefits	\$ 275,601	\$ 275,601	\$ 277,332
Purchased services	36,516	36,516	35,140
Supplies and materials	52,671	52,671	51,546
Capital outlay	8,500	8,500	9,183
Payments to other governments	56,000	56,000	56,087
Total Expenditures	<u>\$ 429,288</u>	<u>\$ 429,288</u>	<u>\$ 429,288</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(2,209)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,209)</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT (3705-01) - 2018
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 320,521	\$ 320,521	\$ 13,195
Total Revenues	<u>\$ 320,521</u>	<u>\$ 320,521</u>	<u>\$ 13,195</u>
Expenditures			
Salaries and benefits	\$ 241,313	\$ 239,313	\$ -
Purchased services	69,208	66,208	-
Supplies and materials	10,000	13,860	-
Capital outlay	-	1,140	-
Total Expenditures	<u>\$ 320,521</u>	<u>\$ 320,521</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 13,195
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(16,783)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,588)</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 EARLY CHILDHOOD BLOCK GRANT (3705-01) - 2019
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 342,000	\$ 347,075	\$ 347,075
Total Revenues	<u>\$ 342,000</u>	<u>\$ 347,075</u>	<u>\$ 347,075</u>
Expenditures			
Salaries and benefits	\$ 277,792	\$ 274,357	\$ 274,356
Purchased services	59,208	59,808	59,372
Supplies and materials	5,000	7,835	8,272
Capital outlay	-	5,075	5,075
Total Expenditures	<u>\$ 342,000</u>	<u>\$ 347,075</u>	<u>\$ 347,075</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN (18-4920)
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 215,642	\$ 237,432	\$ 19,728
Total Revenues	<u>\$ 215,642</u>	<u>\$ 237,432</u>	<u>\$ 19,728</u>
Expenditures			
Salaries and benefits	\$ 42,960	\$ 41,329	\$ -
Purchased services	10,202	14,271	-
Supplies and materials	748	5,000	-
Payments to other governments	161,732	176,832	(1,474)
Total Expenditures	<u>\$ 215,642</u>	<u>\$ 237,432</u>	<u>\$ (1,474)</u>
Net change in fund balances	\$ -	\$ -	\$ 21,202
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(8,711)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,491</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN (19-4920)
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 229,060	\$ 249,174	\$ 209,532
Total Revenues	<u>\$ 229,060</u>	<u>\$ 249,174</u>	<u>\$ 209,532</u>
Expenditures			
Salaries and benefits	\$ 25,064	\$ 25,064	\$ 25,064
Purchased services	18,844	21,344	19,991
Supplies and materials	7,357	4,857	1,467
Payments to other governments	177,795	197,909	194,073
Total Expenditures	<u>\$ 229,060</u>	<u>\$ 249,174</u>	<u>\$ 240,595</u>
Net change in fund balances	\$ -	\$ -	\$ (31,063)
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (31,063)</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN - ROE 26 Subgrant
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 35,471	\$ 35,471	35,471
Total Revenues	<u>\$ 35,471</u>	<u>\$ 35,471</u>	<u>\$ 35,471</u>
Expenditures			
Salaries and benefits	\$ 12,532	\$ 12,532	\$ 12,532
Purchased services	17,113	17,113	16,736
Supplies and materials	2,287	2,287	3,854
Total Expenditures	<u>\$ 31,932</u>	<u>\$ 31,932</u>	<u>\$ 33,122</u>
Net change in fund balances	\$ 3,539	\$ 3,539	\$ 2,349
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(1,640)</u>
Fund Balance (Deficit), Ending	<u><u>\$ 3,539</u></u>	<u><u>\$ 3,539</u></u>	<u><u>\$ 709</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS (19-3696)
 For the Year Ended June 30, 2019**

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

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS COOPERATIVE (18-3999)
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 38,108	\$ 38,108	\$ 3,818
Total Revenues	<u>\$ 38,108</u>	<u>\$ 38,108</u>	<u>\$ 3,818</u>
Expenditures			
Salaries and benefits	\$ 20,290	\$ 23,040	\$ -
Purchased services	3,155	7,869	-
Supplies and materials	14,663	7,199	-
Total Expenditures	<u>\$ 38,108</u>	<u>\$ 38,108</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 3,818
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(3,818)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS COOPERATIVE (19-3999)
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 37,635	\$ 37,635	\$ 37,635
Total Revenues	<u>\$ 37,635</u>	<u>\$ 37,635</u>	<u>\$ 37,635</u>
Expenditures			
Salaries and benefits	\$ 20,290	\$ 23,040	\$ 24,068
Purchased services	12,545	12,345	11,043
Supplies and materials	4,800	2,250	2,524
Total Expenditures	<u>\$ 37,635</u>	<u>\$ 37,635</u>	<u>\$ 37,635</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER LEADERSHIP (19-4935-02)
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
Federal	\$ 960	\$ 960	\$ 960
Total Revenues	<u>\$ 960</u>	<u>\$ 960</u>	<u>\$ 960</u>
Expenditures			
Purchased services	\$ 960	\$ 960	\$ 960
Total Expenditures	<u>\$ 960</u>	<u>\$ 960</u>	<u>\$ 960</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION (18-3695)
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 100,555	\$ 100,555	\$ 7,814
Total Revenues	<u>\$ 100,555</u>	<u>\$ 100,555</u>	<u>\$ 7,814</u>
Expenditures			
Salaries and benefits	\$ 86,613	\$ 84,795	\$ -
Purchased services	11,309	11,309	-
Supplies and materials	556	2,374	-
Payments to other governments	2,077	2,077	-
Total Expenditures	<u>\$ 100,555</u>	<u>\$ 100,555</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 7,814
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(7,814)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION (19-3695)
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 86,245	\$ 86,245	\$ 86,245
Total Revenues	<u>\$ 86,245</u>	<u>\$ 86,245</u>	<u>\$ 86,245</u>
Expenditures			
Salaries and benefits	\$ 76,088	\$ 76,088	\$ 78,351
Purchased services	7,890	7,890	5,945
Payments to other governments	2,267	2,267	1,949
Total Expenditures	<u>\$ 86,245</u>	<u>\$ 86,245</u>	<u>\$ 86,245</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING
(18-3695-PD)
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 202,850	\$ 202,850	\$ 56,060
Total Revenues	<u>\$ 202,850</u>	<u>\$ 202,850</u>	<u>\$ 56,060</u>
Expenditures			
Salaries and benefits	\$ 111,457	\$ 111,457	\$ -
Purchased services	88,769	88,769	72,874
Supplies and materials	500	500	-
Payments to other governments	2,124	2,124	-
Total Expenditures	<u>\$ 202,850</u>	<u>\$ 202,850</u>	<u>\$ 72,874</u>
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ -	\$ 16,814
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,814</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), 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 August 28, 2017 through August 31, 2018; only part of the grant was received and expended in the current fiscal year.

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING
 (19-3695-PD)
 For the Year Ended June 30, 2019**

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 202,850	\$ 202,850	\$ 152,136
Total Revenues	<u>\$ 202,850</u>	<u>\$ 202,850</u>	<u>\$ 152,136</u>
Expenditures			
Salaries and benefits	\$ 113,903	\$ 113,903	\$ 110,141
Purchased services	86,323	86,323	12,580
Supplies and materials	500	500	139
Payments to other governments	2,124	2,124	2,095
Total Expenditures	<u>\$ 202,850</u>	<u>\$ 202,850</u>	<u>\$ 124,955</u>
Net change in fund balances	\$ -	\$ -	\$ 27,181
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,181</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from September 1, 2018 through August 31, 2019; only part of the grant was received and expended in the current fiscal year.

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 110,514	\$ 110,514	\$ 110,514
Total Revenues	<u>\$ 110,514</u>	<u>\$ 110,514</u>	<u>\$ 110,514</u>
Expenditures			
Salaries and benefits	\$ 79,372	\$ 76,372	\$ 75,708
Purchased services	17,659	20,659	18,356
Capital outlay	-	-	2,700
Payments to other governments	13,483	13,483	13,750
Total Expenditures	<u>\$ 110,514</u>	<u>\$ 110,514</u>	<u>\$ 110,514</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD PREVENTION INITIATIVE
For the Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual
Revenues			
State sources	\$ 18,894	\$ 18,894	\$ 3,779
Total Revenues	<u>\$ 18,894</u>	<u>\$ 18,894</u>	<u>\$ 3,779</u>
Expenditures			
Salaries and benefits	\$ 17,894	\$ 13,007	\$ -
Purchased services	-	4,795	-
Supplies and materials	1,000	1,092	-
Total Expenditures	<u>\$ 18,894</u>	<u>\$ 18,894</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 3,779
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>(3,779)</u>
Fund Balance (Deficit), Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2019**

	General Education Development Fund	Bus Driver Training	Institute	Totals
Assets				
Cash and cash equivalents	\$ 15,475	\$ 25,965	\$ 102,583	\$ 144,023
Total Assets	<u>\$ 15,475</u>	<u>\$ 25,965</u>	<u>\$ 102,583</u>	<u>\$ 144,023</u>
Fund Balance				
Restricted	\$ 15,475	\$ 25,965	\$ 102,583	\$ 144,023
Total Fund Balance	<u>15,475</u>	<u>25,965</u>	<u>102,583</u>	<u>144,023</u>
Total Liabilities and Fund Balance	<u>\$ 15,475</u>	<u>\$ 25,965</u>	<u>\$ 102,583</u>	<u>\$ 144,023</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

	General Education Development Fund	Bus Driver Training	Institute	Totals
Revenues				
Local sources	\$ 2,957	\$ 3,440	\$ 21,346	\$ 27,743
State sources	-	1,355	-	1,355
Investment earnings	-	-	350	350
Total Revenues	<u>2,957</u>	<u>4,795</u>	<u>21,696</u>	<u>29,448</u>
Expenditures				
Instructional Services:				
Salaries and benefits	1,303	1,303	8,687	11,293
Purchased services	1,617	4,674	42,893	49,184
Supplies and material	270	9	6,121	6,400
Capital outlay	1,797	-	-	1,797
Total Expenditures	<u>4,987</u>	<u>5,986</u>	<u>57,701</u>	<u>68,674</u>
Net change in fund balance	(2,030)	(1,191)	(36,005)	(39,226)
Fund Balance, Beginning	<u>17,505</u>	<u>27,156</u>	<u>138,588</u>	<u>183,249</u>
Fund Balance, Ending	<u>\$ 15,475</u>	<u>\$ 25,965</u>	<u>\$ 102,583</u>	<u>\$ 144,023</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 26
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2019

	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	\$ -	\$ 6,334	\$ 83,145	\$ 1,293	\$ 1,793	\$ 1	\$ (887)	\$ 91,679
Due from other governments	1,090,477	-	-	-	-	-	974	1,091,451
Total Assets	\$ 1,090,477	\$ 6,334	\$ 83,145	\$ 1,293	\$ 1,793	\$ 1	\$ 87	\$ 1,183,130
Liabilities								
Due to other governments	\$ 1,090,477	\$ 6,334	\$ 83,145	\$ 1,293	\$ 1,793	\$ 1	\$ 87	\$ 1,183,130
Total Liabilities	\$ 1,090,477	\$ 6,334	\$ 83,145	\$ 1,293	\$ 1,793	\$ 1	\$ 87	\$ 1,183,130

**FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Distributive Fund:				
Assets				
Cash and cash equivalents	\$ -	\$ 4,810,549	\$ 4,810,549	\$ -
Due from other governments	1,561,070	1,090,477	1,561,070	1,090,477
Total Assets	<u>\$ 1,561,070</u>	<u>\$ 5,901,026</u>	<u>\$ 6,371,619</u>	<u>\$ 1,090,477</u>
Liabilities				
Due to other governments	\$ 1,561,070	\$ 5,901,026	\$ 6,371,619	\$ 1,090,477
Total Liabilities	<u>\$ 1,561,070</u>	<u>\$ 5,901,026</u>	<u>\$ 6,371,619</u>	<u>\$ 1,090,477</u>
 Administrators Roundtable:				
Assets				
Cash and cash equivalents	\$ 10,432	\$ 1,650	\$ 5,748	\$ 6,334
Total Assets	<u>\$ 10,432</u>	<u>\$ 1,650</u>	<u>\$ 5,748</u>	<u>\$ 6,334</u>
Liabilities				
Due to other governments	\$ 10,432	\$ 1,650	\$ 5,748	\$ 6,334
Total Liabilities	<u>\$ 10,432</u>	<u>\$ 1,650</u>	<u>\$ 5,748</u>	<u>\$ 6,334</u>
 Area III Superintendents:				
Assets				
Cash and cash equivalents	\$ 86,531	\$ 1,500	\$ 4,886	\$ 83,145
Total Assets	<u>\$ 86,531</u>	<u>\$ 1,500</u>	<u>\$ 4,886</u>	<u>\$ 83,145</u>
Liabilities				
Due to other governments	\$ 86,531	\$ 1,500	\$ 4,886	\$ 83,145
Total Liabilities	<u>\$ 86,531</u>	<u>\$ 1,500</u>	<u>\$ 4,886</u>	<u>\$ 83,145</u>
 Hancock County Principal:				
Assets				
Cash and cash equivalents	\$ 2,438	\$ 617	\$ 1,762	\$ 1,293
Total Assets	<u>\$ 2,438</u>	<u>\$ 617</u>	<u>\$ 1,762</u>	<u>\$ 1,293</u>
Liabilities				
Due to other governments	\$ 2,438	\$ 617	\$ 1,762	\$ 1,293
Total Liabilities	<u>\$ 2,438</u>	<u>\$ 617</u>	<u>\$ 1,762</u>	<u>\$ 1,293</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Regional Board of School Trustees:				
Assets				
Cash and cash equivalents	\$ 1,793	\$ -	\$ -	\$ 1,793
Total Assets	<u>\$ 1,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,793</u>
Liabilities				
Due to other governments	\$ 1,793	\$ -	\$ -	\$ 1,793
Total Liabilities	<u>\$ 1,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,793</u>
School Occupation Facility Tax:				
Assets				
Cash and cash equivalents	\$ 1	\$ 4,489,266	\$ 4,489,266	\$ 1
Total Assets	<u>\$ 1</u>	<u>\$ 4,489,266</u>	<u>\$ 4,489,266</u>	<u>\$ 1</u>
Liabilities				
Due to other governments	\$ 1	\$ 4,489,266	\$ 4,489,266	\$ 1
Total Liabilities	<u>\$ 1</u>	<u>\$ 4,489,266</u>	<u>\$ 4,489,266</u>	<u>\$ 1</u>
Western Area Career System:				
Assets				
Cash and cash equivalents	\$ 87	\$ 10,618	\$ 11,592	\$ (887)
Due from other governments	-	974	-	974
Total Assets	<u>\$ 87</u>	<u>\$ 11,592</u>	<u>\$ 11,592</u>	<u>\$ 87</u>
Liabilities				
Due to other governments	\$ 87	\$ 11,592	\$ 11,592	\$ 87
Total Liabilities	<u>\$ 87</u>	<u>\$ 11,592</u>	<u>\$ 11,592</u>	<u>\$ 87</u>
Totals:				
Assets				
Cash and cash equivalents	\$ 101,282	\$ 9,314,200	\$ 9,323,803	\$ 91,679
Due from other governments	1,561,070	1,091,451	1,561,070	1,091,451
Total Assets	<u>\$ 1,662,352</u>	<u>\$ 10,405,651</u>	<u>\$ 7,762,733</u>	<u>\$ 1,183,130</u>
Liabilities				
Due to other governments	\$ 1,662,352	\$ 10,405,651	\$ 10,884,873	\$ 1,183,130
Total Liabilities	<u>\$ 1,662,352</u>	<u>\$ 10,405,651</u>	<u>\$ 10,884,873</u>	<u>\$ 1,183,130</u>

FULTON, HANCOCK, MCDONOUGH, AND SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 26
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the Year Ended June 30, 2019

Distributions	Acct. No.	Western Area Career System		West Central Illinois Special Ed		Totals
State Funds						
Career & Technical Ed Improvement (CTEI)	3220	\$ 485,855	\$ -	\$ -	\$ -	\$ 485,855
State Free Lunch & Breakfast	3360	-	703			703
Total State Funds		\$ 485,855	\$ 703		\$ -	\$ 486,558
Federal Funds						
National School Lunch Program	4210	\$ -	\$ 21,660	\$ -	\$ -	\$ 21,660
School Breakfast Program	4220	-	13,313			13,313
Fed.- Sp. Ed - Pre-School Flow Through	4600	-	154,189			154,189
Fed.- Sp. Ed - I.D.E.A. Flow Through	4620	-	3,912,227			3,912,227
CTE-Perkins Secondary	4745	222,602	-			222,602
Total Federal Funds		\$ 222,602	\$ 4,101,389		\$ -	\$ 4,323,991
Total Distributions		\$ 708,457	\$ 4,102,092		\$ -	\$ 4,810,549