

**STATE OF ILLINOIS
CALHOUN, GREENE, JERSEY,
AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**FINANCIAL AUDIT
For the year ended June 30, 2018**

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



**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

OFFICIALS

Regional Superintendent
(Current and during the audit period) Ms. Michelle Mueller

Assistant Regional Superintendent
(Current and during the audit period) Mr. Chad Hoesman

Offices are located at:

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Carlinville, IL 62626

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Jerseyville, IL 62052

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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.

AUDITORS' REPORTS

The auditors' 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	4	4
Repeated audit findings	2	4
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>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2018-001	10A	Controls over Financial Statement Preparation	Material Weakness
2018-002	10C	Controls over Grant Compliance	Noncompliance
2018-003	10E	Insufficient Collateralization of Bank Deposits	Significant Deficiency
2018-004	10F	Delay of Audit	Noncompliance
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2017-003	12	Controls over Preparation of Journal Entries	Material Weakness
2017-004	12	Controls over Expenditures	Material Weakness

EXIT CONFERENCE

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2018. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report.

Responses to the recommendations were provided by Tara Dawdy, accountant, via email on September 20, 2019.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements.



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INDEPENDENT AUDITORS' 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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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.

Auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, paragraph E in the notes to the financial statements for the year ended June 30, 2018, the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40 adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019 on our consideration of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control over financial reporting and compliance.

ORIGINAL SIGNATURE ON FILE

Mattoon, Illinois
October 17, 2019



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**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**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's basic financial statements, and have issued our report thereon dated October 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the accompanying Schedule of Findings and Responses as finding 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the accompanying Schedule of Findings and Responses as finding 2018-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as findings 2018-002 and 2018-004.

Regional Office of Education No. 40's Responses to Findings

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40'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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ORIGINAL SIGNATURE ON FILE

Mattoon, Illinois
October 17, 2019

SCHEDULE OF FINDINGS AND RESPONSES

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2018**

Financial Statements in accordance with GAAP

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-001 - Controls over Financial Statement Preparation (Partial Repeat of Finding 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04)

Criteria/Specific Requirement:

The Regional Office of Education No. 40 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

Condition:

The ROE does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. In addition, the ROE does not have sufficient internal controls over the processing of some accounting transactions. There are not sufficient controls over the preparation/review of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not identify Workshops as a major fund in the Proprietary Funds financial statements.

Effect:

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-001 - Controls over Financial Statement Preparation (Partial Repeat of Finding 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04) (Continued)

Cause:

There was a lack of communication between personnel and misunderstanding of accounting requirements.

Auditors' Recommendation:

The ROE should implement comprehensive preparation and/or review procedures as a part of their internal control over the preparation of financial statements to ensure the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

The ROE has made the necessary revisions to identify Workshops as a major fund in the Proprietary Funds financial statements. In addition, the ROE has hired an accounting firm to prepare the financial statements.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-002 – Controls over Grant Compliance (Partial Repeat of Finding 17-002, 16-002 and 15-003)

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office of Education No. 40 (ROE) must incorporate certain procedures into its operations in order to comply with the grant agreements with these entities.

The ROE is responsible for establishing and maintaining an internal control system over the completion of timely quarterly expenditure reports required for grants administered by the Illinois State Board of Education. The Illinois State Board of Education (ISBE) requires expenditure reports to be filed within 20 days of the applicable end of each quarter.

In addition, grant agreements require the ROE to report actual expenditures incurred rather than reporting expenditures based on the amount budgeted in the grant agreement. The ROE is required to spend funding in accordance with budgets submitted to grantors.

Condition:

During the course of the audit, auditors noted the following related to the controls over grant compliance:

- Four of the 16 (25%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Two of the quarterly expenditure reports were submitted three days late, and an additional two quarterly expenditure reports were submitted 4 days late.
- The expenditures reported on the final expenditure reports for the Regional Safe Schools, ROE/ISC Operations, and Adult Education - State Basic grants agreed to the expenditures recorded in the general ledger, prior to adjustments for items accrued for the prior and current fiscal year. After adjustments for the accruals, expenditures on the Regional Safe Schools, ROE/ISC Operations, and Adult Education - State Basic expenditure reports exceeded actual expenditures by \$285, \$2,463, and \$2,807, respectively.
- The final expenditure report for the Title I System of Support Fiscal Year 2017 Grant incorrectly reported an additional \$2,500 of salaries expense and \$2,500 less in purchased services when compared to the general ledger.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-002 – Controls over Grant Compliance (Partial Repeat of Finding 17-002, 16-002 and 15-003) (Continued)

Condition: (Continued)

- The expenditures reported on the final expenditure report for Adult Education - State Basic were not reported properly between direct instruction, direct program support, and student services. Actual expenditures exceeded the amounts reported on the expenditure report for direct instruction and student services by \$2,485 and \$2,403, respectively. In addition, amounts on the expenditure report exceeded actual expenses for direct program support by \$5,143.

Effect:

Lack of timely filed expenditure reports could result in a delay of grant funding. Submitting expenditure reports that do not reflect final expenditures after accrual adjustments could lead to the granting agency requesting reimbursement or adjusting future grant amounts. Noncompliance with grant requirements could lead to the granting agency requesting reimbursement or the loss of the grant for future periods.

Cause:

A turnover in program leadership caused lag time in approving expenditure reports. In addition, there was a lack of communication with personnel and a misunderstanding of accounting requirements by program directors and their administrative personnel.

Auditors' Recommendation:

The ROE should implement adequate internal controls to ensure that expenditure reports are filed timely and expenditures included in grant expenditure reports are properly adjusted for accrued items. The ROE should thoroughly review grant agreements and comply with all grant requirements.

Management's Response:

The ROE will implement adequate internal controls to ensure expenditure reports are filed timely and only properly recorded and approved expenditures are included in grant expenditure reports.

All expenditures reported on any final expenditure report will match general ledger expenditures.

Management will perform a detailed review of all expenditure reports to ensure the expenditures are reported correctly.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-003 – Insufficient Collateralization of Bank Deposits

Criteria/Specific Requirement:

The Public Funds Deposit Act (30 ILCS 225/1) gives the Regional Office of Education No. 40 the authorization to request financial institutions to pledge collateral for deposits in excess of the federally insured limit. In addition, prudent business practices requires all cash and investments held by the financial institutions for the Regional Office of Education No. 40 be adequately covered by depository insurance or collateral.

Condition:

At June 30, 2018, \$49,342 of the Regional Office of Education No. 40's \$605,038 cash deposited with financial institutions was uncollateralized and uninsured.

Effect:

Uncollateralized and uninsured bank deposits are subject to custodial credit risk, which is the risk that, in the event of bank failure, the Regional Office of Education No. 40's deposits may not be returned to it.

Cause:

The ROE entered into an agreement with the bank two years ago for the bank to monitor and adjust collateral balances as necessary. The bank failed to adjust collateral balances at June 30, 2018.

Auditors' Recommendation:

The Regional Office of Education No. 40 should monitor the bank balances throughout the year and work with the financial institutions to provide collateral or enter into agreements with the financial institutions to have the cash balances monitored for adequate collateral periodically and adjusted as necessary.

Management's Response:

The bank has been contacted and has made the necessary changes in internal controls to adequately monitor and adjust collateral balances.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-004 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education No. 40 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. 40 did not provide completed financial statements in an auditable form by the August 31 deadline.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2018**

FINDING NO. 2018-004 – Delay of Audit (Continued)

Cause:

The ROE hired an accounting firm to assist with the preparation of the financial statements. The accounting firm was working on the June 30, 2017 Adult Education and Literacy Grant program specific audit for the ROE and needed to complete that audit prior to preparing the ROE's June 30, 2018 financial statements. The Adult Education and Literacy Grant program specific audit was not completed until November 20, 2018, which delayed the preparation of the ROE's June 30, 2018 financial statements and audit fieldwork.

Auditors' Recommendation:

The Regional Office of Education No. 40 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. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The ROE has hired an accounting firm to prepare the financial statements. The ROE anticipates being able to meet the August 31st deadline for the year ended June 30, 2019 and subsequent years.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan

FINDING NO. 2018-001 - Controls over Financial Statement Preparation (Partial Repeat of Finding 17-001, 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-04)

Condition:

The ROE does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. In addition, the ROE does not have sufficient internal controls over the processing of some accounting transactions. There are not sufficient controls over the preparation/review of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not identify Workshops as a major fund in the Proprietary Funds financial statements.

Plan:

The ROE has hired an accounting firm to prepare the financial statements.

Anticipated Date of Completion:

Completed

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan

FINDING NO. 2018-002 – Controls over Grant Compliance (Partial Repeat of Finding 17-002, 16-002 and 15-003)

Condition:

During the course of the audit, auditors noted the following related to the controls over grant compliance:

- Four of the 16 (25%) quarterly expenditure reports required by the Illinois State Board of Education were not submitted timely. Two of the quarterly expenditure reports were submitted three days late, and an additional two quarterly expenditure reports were submitted 4 days late.
- The expenditures reported on the final expenditure reports for the Regional Safe Schools, ROE/ISC Operations, and Adult Education - State Basic grants agreed to the expenditures recorded in the general ledger, prior to adjustments for items accrued for the prior and current fiscal year. After adjustments for the accruals, expenditures on the Regional Safe Schools, ROE/ISC Operations, and Adult Education - State Basic expenditure reports exceeded actual expenditures by \$285, \$2,463, and \$2,807, respectively.
- The final expenditure report for the Title I System of Support Fiscal Year 2017 Grant incorrectly reported an additional \$2,500 of salaries expense and \$2,500 less in purchased services when compared to the general ledger.
- The expenditures reported on the final expenditure report for Adult Education - State Basic were not reported properly between direct instruction, direct program support, and student services. Actual expenditures exceeded the amounts reported on the expenditure report for direct instruction and student services by \$2,485 and \$2,403, respectively. In addition, amounts on the expenditure report exceeded actual expenses for direct program support by \$5,143.

Plan:

A timetable has been created with due dates to assure timely filing of all required grant reports.

All expenditures reported on any final expenditure report will match general ledger expenditures.

Management will perform a detailed review of all expenditure reports in the future before filing.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan (Continued)

FINDING NO. 2018-002 – Controls over Grant Compliance (Partial Repeat of Finding 17-002, 16-002 and 15-003) (Continued)

Anticipated Date of Completion:

July 1, 2019

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan

FINDING NO. 2018-003 – Insufficient Collateralization of Bank Deposits

Condition:

At June 30, 2018, \$49,342 of the Regional Office of Education No. 40's \$605,038 cash deposited with financial institutions was uncollateralized and uninsured.

Plan:

The bank has been contacted and has made the necessary changes in internal controls to adequately monitor and adjust collateral balances.

Anticipated Date of Completion:

July 2, 2019

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan

FINDING NO. 2018-004 – Delay of Audit

Condition:

The Regional Office of Education No. 40 did not provide completed financial statements in an auditable form by the August 31 deadline.

Plan:

The ROE has hired an accounting firm to prepare the financial statements. The ROE anticipates being able to meet the August 31st deadline for the year ended June 30, 2019 and subsequent years.

Anticipated Date of Completion:

July 1, 2019

Name of Contact Person:

Ms. Michelle Mueller, Regional Superintendent

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
AUDIT FINDINGS**

For the year ended June 30, 2018

2017-003	Controls over Preparation of Journal Entries	Not Repeated
	During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over journal entries appear to be adequate.	
2017-004	Controls over Expenditures	Not Repeated
	During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over expenditures appear to be adequate.	

BASIC FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 477,283	\$ 22,820	\$ 500,103
Due from other governments	79,664	-	79,664
Total current assets	<u>556,947</u>	<u>22,820</u>	<u>579,767</u>
Noncurrent assets:			
Capital assets, net	23,288	404	23,692
Net pension asset	11,138	-	11,138
Total noncurrent assets	<u>34,426</u>	<u>404</u>	<u>34,830</u>
Total assets	<u>591,373</u>	<u>23,224</u>	<u>614,597</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	99,718	2,719	102,437
Deferred outflows related to OPEB	22,347	2,210	24,557
Total deferred outflows of resources	<u>122,065</u>	<u>4,929</u>	<u>126,994</u>
LIABILITIES			
Current liabilities:			
Accounts payable	16,335	1,836	18,171
Due to other governments	11,393	-	11,393
Unearned revenue	8,496	-	8,496
Total current liabilities	<u>36,224</u>	<u>1,836</u>	<u>38,060</u>
Noncurrent liabilities:			
Net pension liability	25,188	2,491	27,679
Net OPEB liability	303,750	27,898	331,648
Total noncurrent liabilities	<u>328,938</u>	<u>30,389</u>	<u>359,327</u>
Total liabilities	<u>365,162</u>	<u>32,225</u>	<u>397,387</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	166,070	5,382	171,452
Deferred inflows related to OPEB	33,748	3,338	37,086
Total deferred inflows of resources	<u>199,818</u>	<u>8,720</u>	<u>208,538</u>
NET POSITION			
Net investment in capital assets	23,288	404	23,692
Restricted for educational purposes	151,994	-	151,994
Unrestricted	(26,824)	(13,196)	(40,020)
Total net position	<u>\$ 148,458</u>	<u>\$ (12,792)</u>	<u>\$ 135,666</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries	\$ 516,469	\$ -	\$ 488,996	\$ (27,473)	\$ -	\$ (27,473)
Benefits	68,050	-	62,395	(5,655)	-	(5,655)
Purchased services	168,309	-	162,538	(5,771)	-	(5,771)
Supplies and materials	29,884	-	35,451	5,567	-	5,567
Other	4,002	-	3,475	(527)	-	(527)
Depreciation	9,997	-	-	(9,997)	-	(9,997)
Pension expense	37,644	-	12,220	(25,424)	-	(25,424)
OPEB expense	26,821	-	-	(26,821)	-	(26,821)
Intergovernmental:						
Payments to other governments	5,000	-	5,000	-	-	-
Administrative:						
On-behalf payments - State	490,763	-	-	(490,763)	-	(490,763)
Total governmental activities	1,356,939	-	770,075	(586,864)	-	(586,864)
Business-type activities						
Instructional	89,681	71,603	-	-	(18,078)	(18,078)
Total primary government	\$ 1,446,620	\$ 71,603	\$ 770,075	(586,864)	(18,078)	(604,942)
			General revenues:			
			Local sources	199,904	-	199,904
			On-behalf payments - State	490,763	-	490,763
			Interest	1,220	-	1,220
			Total general revenues	691,887	-	691,887
			Change in net position	105,023	(18,078)	86,945
			Net position - beginning of year, restated (see note 16)	43,435	5,286	48,721
			Net position - end of year	\$ 148,458	\$ (12,792)	\$ 135,666

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	General Fund	Education Fund	Institute Fund
ASSETS			
Cash and cash equivalents	\$ 327,478	\$ 17,134	\$ 109,320
Due from other funds	55,085	-	-
Due from other governments	6,244	73,420	-
	<u>\$ 388,807</u>	<u>\$ 90,554</u>	<u>\$ 109,320</u>
Total assets	\$ 388,807	\$ 90,554	\$ 109,320
LIABILITIES			
Accounts payable	\$ 615	\$ 15,720	\$ -
Due to other funds	-	55,085	-
Due to other governments	-	11,393	-
Unearned revenue	8,201	295	-
	<u>8,816</u>	<u>82,493</u>	<u>-</u>
Total liabilities	8,816	82,493	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	18,588	-
	<u>-</u>	<u>18,588</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	8,185	109,320
Unassigned	379,991	(18,712)	-
	<u>379,991</u>	<u>(10,527)</u>	<u>109,320</u>
Total fund balances (deficits)	379,991	(10,527)	109,320
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 388,807	\$ 90,554	\$ 109,320

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BALANCE SHEET (Concluded)
GOVERNMENTAL FUNDS
June 30, 2018**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 23,351	\$ 477,283
Due from other funds	-	55,085
Due from other governments	-	79,664
	<u>23,351</u>	<u>79,664</u>
Total assets	<u>\$ 23,351</u>	<u>\$ 612,032</u>
LIABILITIES		
Accounts payable	\$ -	\$ 16,335
Due to other funds	-	55,085
Due to other governments	-	11,393
Unearned revenue	-	8,496
	<u>-</u>	<u>8,496</u>
Total liabilities	<u>-</u>	<u>91,309</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	18,588
	<u>-</u>	<u>18,588</u>
FUND BALANCES (DEFICITS)		
Restricted	23,351	140,856
Unassigned	-	361,279
	<u>23,351</u>	<u>361,279</u>
Total fund balances (deficits)	<u>23,351</u>	<u>502,135</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 23,351</u>	<u>\$ 612,032</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2018**

Total fund balances - governmental funds		\$ 502,135
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.</p>		18,588
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		23,288
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension asset		11,138
<p>Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.</p>		
Deferred outflows of resources	\$ 122,065	
Deferred inflows of resources	<u>(199,818)</u>	(77,753)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		(25,188)
Net OPEB liability		<u>(303,750)</u>
Net position of governmental activities		<u>\$ 148,458</u>

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	General Fund	Education Fund	Institute Fund
Revenues:			
Local sources	\$ 157,769	\$ 2,686	\$ 30,010
State sources	330,817	492,800	-
Federal sources	-	94,292	-
On-behalf payments	261,654	-	-
Interest	2	1,202	16
	750,242	590,980	30,026
Expenditures:			
Instructional services:			
Salaries	259,579	251,482	-
Benefits	50,203	16,453	-
Purchased services	38,143	124,184	2,033
Supplies and materials	277	28,117	1,270
Other	-	4,002	-
Pension expense	11,320	8,765	-
OPEB expense	2,200	687	-
On-behalf payments	261,654	-	-
Intergovernmental:			
Payments to other governments	-	5,000	-
	623,376	438,690	3,303
Net change in fund balances	126,866	152,290	26,723
Fund balances (deficits), beginning of year	253,125	(162,817)	82,597
Fund balances (deficits), end of year	\$ 379,991	\$ (10,527)	\$ 109,320

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:		
Local sources	\$ 9,439	\$ 199,904
State sources	1,323	824,940
Federal sources	-	94,292
On-behalf payments	-	261,654
Interest	-	1,220
	10,762	1,382,010
Expenditures:		
Instructional services:		
Salaries	5,408	516,469
Benefits	1,394	68,050
Purchased services	3,949	168,309
Supplies and materials	220	29,884
Other	-	4,002
Pension expense	665	20,750
OPEB expense	-	2,887
On-behalf payments	-	261,654
Intergovernmental:		
Payments to other governments	-	5,000
	11,636	1,077,005
Net change in fund balances	(874)	305,005
Fund balances (deficits), beginning of year	24,225	197,130
Fund balances (deficits), end of year	\$ 23,351	\$ 502,135

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Net change in fund balances \$ 305,005

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.

Capital outlay	\$ -	
Depreciation expense	<u>(9,997)</u>	(9,997)

Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred in the governmental funds.

Current year unavailable revenue	\$ 18,588	
Prior year unavailable revenue	<u>(167,745)</u>	(149,157)

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

Pension expense	\$ (16,894)	
OPEB expense	<u>(23,934)</u>	<u>(40,828)</u>

Change in net position of governmental activities \$ 105,023

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,585	\$ 16,235	\$ 22,820
Total current assets	6,585	16,235	22,820
Noncurrent assets:			
Capital assets, net	404	-	404
Total assets	6,989	16,235	23,224
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,719	-	2,719
Deferred outflows related to OPEB	2,210	-	2,210
Total deferred outflows of resources	4,929	-	4,929
LIABILITIES			
Current liabilities:			
Accounts payable	1,836	-	1,836
Total current liabilities	1,836	-	1,836
Noncurrent liabilities:			
Net pension liability	2,491	-	2,491
Net OPEB liability	27,898	-	27,898
Total noncurrent liabilities	30,389	-	30,389
Total liabilities	32,225	-	32,225
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	5,382	-	5,382
Deferred inflows related to OPEB	3,338	-	3,338
Total deferred inflows of resources	8,720	-	8,720
NET POSITION			
Net investment in capital assets	404	-	404
Unrestricted	(29,431)	16,235	(13,196)
Total net position	\$ (29,027)	\$ 16,235	\$ (12,792)

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
Operating revenues:			
Charges for services	\$ 55,728	\$ 15,875	\$ 71,603
Operating expenses:			
Salaries	28,540	-	28,540
Benefits	436	-	436
Purchased services	38,185	10,316	48,501
Supplies and materials	1,446	314	1,760
Pension expense	7,545	-	7,545
OPEB expense	2,495	-	2,495
Depreciation	404	-	404
Total operating expenses	79,051	10,630	89,681
Operating income (loss)	(23,323)	5,245	(18,078)
Net position - beginning of year (restated)	(5,704)	10,990	5,286
Net position - end of year	\$ (29,027)	\$ 16,235	\$ (12,792)

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
Cash flows from operating activities:			
Collection of fees	\$ 55,728	\$ 16,275	\$ 72,003
Payments to suppliers and providers for goods and services	(37,795)	(10,758)	(48,553)
Payments to employees	(31,742)	-	(31,742)
Net cash provided by (used for) operating activities	(13,809)	5,517	(8,292)
Cash flows from noncapital financing activities:			
Interfund loans	11,376	(203)	11,173
Net cash provided by (used for) noncapital financing activities	11,376	(203)	11,173
Net increase (decrease) in cash and cash equivalents	(2,433)	5,314	2,881
Cash and cash equivalents - beginning of year	9,018	10,921	19,939
Cash and cash equivalents - end of year	\$ 6,585	\$ 16,235	\$ 22,820
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (23,323)	\$ 5,245	\$ (18,078)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	404	-	404
Decrease in due from other governments	-	400	400
Increase in deferred outflows	(4,721)	-	(4,721)
Increase (decrease) in accounts payable	1,836	(128)	1,708
Increase in net pension liability	2,491	-	2,491
Increase in net OPEB liability	784	-	784
Increase in deferred inflows	8,720	-	8,720
Net cash provided by (used for) operating activities	\$ (13,809)	\$ 5,517	\$ (8,292)

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 14,089
Due from other governments	<u>1,147,794</u>
Total assets	<u>\$ 1,161,883</u>
LIABILITIES	
Due to other governments	<u>\$ 1,161,883</u>
Total liabilities	<u>\$ 1,161,883</u>

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

NOTES TO FINANCIAL STATEMENTS

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 40's accounting policies conform to generally accepted accounting principles, which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 40 was created by Illinois Public Act 76-735, as amended, effective August 7, 1995. The Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The region encompasses Calhoun, Greene, Jersey, and Macoupin counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. 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 Office of Education No. 40 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 40 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 40's financial statements. In addition, the Regional Office of Education No. 40 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 40 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position includes all of the Regional Office of Education No. 40's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards 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 the proprietary fund Statement of Net Position, and as transfers in/out 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. All internal balances in the Statement of Net Position have been eliminated.

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.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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. The Regional Office of Education No. 40 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid items and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period are reported as deferred inflows of resources - unavailable revenue in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 40's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 40's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds

The Regional Office of Education No. 40 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 40. It is used to account for all financial resources, except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 40. Included in this fund are:

Administrative Fund – This fund is the general operating fund of the Regional Office of Education No. 40. It is used to account for all financial resources except those required to be accounted for in another fund.

Alternative Schools Fund – This fund accounts for monies received to educate, serve, and support students, at no cost to the students, in an effort to improve the quality of life of high school dropouts. The funds are used to provide basic skills, obtain high school credit, or prepare for the GED test.

Direct Services – This fund is used for student testing and cooperative services conducted through the Regional Office of Education for the benefit of member districts.

General State Aid – This fund accounts for General State Aid grant monies received from the Illinois State Board of Education and used for the general operations of the Regional Safe Schools program.

Jerseyville Office Account – Accounts for general operations at the Jerseyville Regional Office of Education No. 40.

Macoupin County Monies – Monies received from Macoupin County to pay ROE expenses, such as payroll, phone, rent and office supplies.

Regional Initiative Fund – This fund is utilized for special regional initiatives with the consent and approval of the Macoupin County district superintendents.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

Education – This Special Revenue 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:

Adult Education – This fund accounts for monies received from the Illinois Community College Board for academic and vocational adult education programs including the following:

Federal Basic – This fund accounts for federal monies received from the Illinois Community College Board which provide for adult basic education (GED) services for adult education clients.

State Basic – This fund accounts for State monies received from the Illinois Community College Board for vocational training, including computer and certified nurse assistant classes.

State Performance – This fund accounts for State monies received from the Illinois Community College Board that can be used for any purpose that supports the adult education program.

Regional Safe Schools – This program provides instruction services and materials for an alternative school program for at-risk youth who are eligible for suspension or expulsion from their home school districts, creating alternative placement for those students into a safe school program.

ROE/ISC Operations – This fund accounts for monies received and payment of expenditures in assisting schools in all areas of school improvement.

Teen Parent Services – This program is funded through local donations and provides diapers and other parenting supplies to teen parents involved in the Truants Alternative/Optional Education program.

Title I System of Support – Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years.

Truants Alternative/Optional Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education No. 40. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

1. **Governmental Funds** (Continued)

Education (Continued)

Title II Teacher Quality Leadership – The purpose of this program is to provide training and professional development for the improvement of teacher and principal performance evaluations. The training is delivered through an online portal called Growth Through Learning and is mandated by the Illinois State Board of Education before a supervisor may provide a performance evaluation.

Learning Technology Center Program – The Learning Technology Center is an Illinois State Board of Education program that supports all public K-12 districts, schools, and educators through technology initiatives, services, and professional learning opportunities.

Institute – This Special Revenue Fund accounts for fees collected for the registration and renewal of teaching licenses. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor 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 to expenditures for specific purposes. Nonmajor special revenue funds include the following:

Bus Driver Permit Fund – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

2. **Proprietary Funds**

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The Regional Office of Education No. 40 reports Workshops as a major enterprise fund and the other two as nonmajor enterprise funds:

Workshops – This fund accounts for expenses incurred for workshops that offer either college credit or other professional development activities.

Administrators' Academy – Accounts for the process by which local school administrators meet the legislated requirement for training and by which administrators may improve their skills in instructional and administrative leadership.

Olympiad Fund – Accounts for a four-day event involving gifted students using activities designed directly applicable to the State Learning Standards. These activities are intended to challenge students to exercise higher level intellectual skills and talents.

3. **Fiduciary Funds**

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education No. 40 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. The Regional Office of Education No. 40 reports the following agency funds:

Central Illinois Rural Region Career & Technical Education System – This fund accounts for the assets held in trust for the benefit of the Central Illinois Rural Region Career & Technical Education System.

Trustee Fund – This fund accounts for monies received from individuals filing petitions requesting annexation or detachment of school district boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

School Facility Sales Tax – Voters in Calhoun, Greene, Jersey, and Macoupin Counties approved the use of a sales tax to be used exclusively for school facility capital projects. Regional Office of Education No. 40 is the fiscal agent for processing payments from the State of Illinois to the school districts.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

1. **Cash and Investments**

The Regional Office of Education No. 40 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 40 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 40 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

2. **Interfund Transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. **Capital Assets**

Capital assets are reported in the applicable columns in the government-wide and proprietary fund financial statements. Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and furniture	3-10 years
Building improvements	10-15 years

In the governmental fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Continued)

4. **Deferred Outflows of Resources and Deferred Inflows of Resources**

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position/fund balance 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 on the governmental funds Balance Sheet consist of grant receivables not collected within sixty days after the year end. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items that have not yet reduced pension and OPEB expense.

5. **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the Regional Office of Education No. 40’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 40’s OPEB Plan, and additions to/deductions from the Regional Office of Education No. 40’s fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 40’s Plan. For this purpose, the Regional Office of Education No. 40’s Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 40’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE’s single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

6. **Compensated Absences**

Employees earn vacation days after completing a full year of service. Part-time employees and individuals hired for less than a twelve month position do not accumulate paid vacation time. Vacation time is considered an expenditure in the year it is paid. All vacation time has to be used before fiscal year end, so no accrual is required.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Compensated Absences (Continued)

Employees received one sick day for each month of employment and the unused portion is accumulated and carried forward. Upon termination, employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

7. Equity Classifications

Government-wide and Proprietary Fund Statements

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

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

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

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

Governmental Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a governmental fund. The following types of fund balances may be presented on the Governmental Funds Balance Sheet, the General Fund and Education Fund Combining Schedules of Accounts, and the Nonmajor Special Revenue Funds Combining Balance Sheet:

Nonspendable Fund Balance - The portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. The Regional Office of Education No. 40 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, Bus Driver Permit Fund, and General Education Development Fund. The following funds are restricted by grant agreements, contracts, and donor restrictions: ROE/ISC Operations and Teen Parent Services.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Continued)

7. **Equity Classifications** (Continued)

Governmental Fund Statements (Continued)

Committed Fund Balance - The portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision-making. The Regional Office of Education No. 40 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education No. 40 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 following accounts comprise unassigned fund balance: Administrative, Alternative Schools Fund, Direct Services, General State Aid, Jerseyville Office Account, Macoupin County Monies, Regional Initiative, Adult Education-State Basic, Adult Education-State Performance, Truants Alternative/Optional Education, Title II Teacher Quality Leadership, and Learning Technology Center.

E. **New Accounting Pronouncements**

In 2018, the Regional Office of Education No. 40 implemented Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, GASB Statement No. 85 – *Omnibus 2017*, and GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Regional Office of Education No. 40.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education No. 40 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must be prepared and submitted for approval. Budgets are also prepared for certain grants awarded through other pass-through entities. Budgetary Comparison Schedules have been presented for the following grants: Adult Education – Federal Basic, Adult Education – State Basic, Adult Education – State Performance, Regional Safe Schools, ROE/ISC Operations, Title I System of Support, Truants Alternative/Optional Education, Title II Teacher Quality Leadership, and Learning Technology Center.

3. USE OF 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.

4. DEPOSITS AND INVESTMENTS

At June 30, 2018, the carrying amount of the Regional Office of Education No. 40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$477,133, \$22,820, and \$5,451, respectively. The bank balances for the governmental activities, business-type activities, and fiduciary funds totaled \$596,198, of which \$288,604 was covered by FDIC insurance, \$258,252 was fully collateralized, and \$49,342 was uncollateralized and uninsured. The Illinois Funds accounts had a total carrying amount and bank balance of \$150 for the governmental activities and \$8,840 for the fiduciary funds at June 30, 2018. This amount is fully collateralized and not subject to credit risk.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2018, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 55,085	\$ -
Education Fund	-	55,085
Totals	\$ 55,085	\$ 55,085

At June 30, 2018, the interfund balances consisted of loans between funds within the same pooled cash account. The loans were used to cover cash shortages in the Education Fund.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

6. DUE TO/DUE FROM OTHER GOVERNMENTS

At June 30, 2018, the Regional Office of Education No. 40's General Fund, Education Fund, and Agency Funds had amounts due to and due from various other governmental units which consisted of the following:

Due from Other Governments:

General Fund:	
Local Governments	<u>\$ 6,244</u>
Education Fund:	
Illinois Community College Board	20,676
Illinois State Board of Education	25,099
Regional Office of Education No. 50	<u>27,645</u>
	<u>73,420</u>
	<u><u>\$ 79,664</u></u>

Agency Funds:	
Local Governments	<u><u>\$ 1,147,794</u></u>

Due to Other Governments:

Education Fund:	
Illinois Community College Board	\$ 2,807
Illinois State Board of Education	<u>8,586</u>
	<u><u>\$ 11,393</u></u>

Agency Funds:	
Local Governments	<u><u>\$ 1,161,883</u></u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 211,733	\$ -	\$ -	\$ 211,733
Less accumulated depreciation for:				
Equipment	<u>(178,448)</u>	<u>(9,997)</u>	<u>-</u>	<u>(188,445)</u>
Governmental activities capital assets, net	<u>\$ 33,285</u>	<u>\$ (9,997)</u>	<u>\$ -</u>	<u>\$ 23,288</u>
 Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 6,621	\$ -	\$ -	\$ 6,621
Less accumulated depreciation for:				
Equipment	<u>(5,813)</u>	<u>(404)</u>	<u>-</u>	<u>(6,217)</u>
Business-type activities capital assets, net	<u>\$ 808</u>	<u>\$ (404)</u>	<u>\$ -</u>	<u>\$ 404</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 40 as follows:

Governmental activities:	
Instructional services	<u>\$ 9,997</u>
Business-type activities:	
Operating expenses	<u>\$ 404</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The Regional Office of Education No. 40 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits Provided

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

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

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

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 40.

On behalf contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 40. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 40 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 40, and the Regional Office of Education No. 40 recognized revenue and expenditures of \$200,227 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$1,865, and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and special trust fund contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 40, there is a statutory requirement for the Regional Office of Education No. 40 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$21,168 were paid from federal and special trust funds that required employer contributions of \$2,138. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

Employer retirement cost contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 40 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education No. 40 paid no employer ERO contributions to TRS for retirements that occurred before July 1, 2016.

The Regional Office of Education No. 40 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education No. 40 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the Regional Office of Education No. 40 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employer's proportionate share of the net pension liability	\$ 27,679
State's proportionate share of the net pension liability associated with the employer	<u>2,034,514</u>
Total	<u>\$ 2,062,193</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education No. 40's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education No. 40's proportion was 0.0000362294 percent, which was a decrease of 0.0000510741 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education No. 40 recognized pension expense of \$200,227 and revenue of \$200,227 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education No. 40 recognized a pension benefit of \$7,916. At June 30, 2018, the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 301	\$ 13
Net difference between projected and actual earnings on pension plan investments	19	-
Changes of assumptions	1,847	795
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>24,044</u>	<u>58,994</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	26,211	59,802
Employer Contributions Made Subsequent to the Measurement Date	<u>4,003</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 30,214</u>	<u>\$ 59,802</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

\$4,003 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2019	\$ 9,951
2020	15,086
2021	1,491
2022	6,076
2023	<u>987</u>
Total	<u>\$ 33,591</u>

Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private Equity	14.0%	10.63%
Total	100.0%	

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Regional Office of Education No. 40's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 40's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Regional Office of Education No. 40'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.

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Employer's proportionate share of the net pension liability	<u>\$34,007</u>	<u>\$27,679</u>	<u>\$22,495</u>

TRS Fiduciary Net Position

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 40'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. 40's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	7
 Total	 33

Contributions

As set by statute, the Regional Office of Education No. 40'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. 40's annual contribution rate for calendar year 2017 was 5.87%. For the calendar year 2017, the Regional Office of Education No. 40 contributed \$11,042 to the plan. The Regional Office of Education No. 40 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.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The Regional Office of Education No. 40's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Asset Class	Portfolio Target Allocation	Long-Term Expected Real Rate of Return
Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balance, December 31, 2016	\$ 1,106,080	\$ 1,011,811	\$ 94,269
Changes for the year:			
Service Cost	18,275		18,275
Interest	81,102		81,102
Difference between expected and actual experience of the total pension liability	19,999		19,999
Changes of assumptions	(36,631)		(36,631)
Contributions- employer		11,042	(11,042)
Contributions-employees		8,465	(8,465)
Net investment income		169,558	(169,558)
Benefit payments, including refunds of employee contributions	(69,229)	(69,229)	-
Other (Net Transfer)		(913)	913
Net Changes	<u>13,516</u>	<u>118,923</u>	<u>(105,407)</u>
Balance, December 31, 2017	<u>\$ 1,119,596</u>	<u>\$ 1,130,734</u>	<u>\$ (11,138)</u>

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	<u>\$ 118,444</u>	<u>\$ (11,138)</u>	<u>\$ (117,160)</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2018, the Regional Office of Education No. 40 recognized pension expense of \$53,105. At June 30, 2018, the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 21,623	\$ -
Net difference between projected and actual earnings on pension plan investments	36,241	90,782
Changes of assumptions	<u>-</u>	<u>20,868</u>
 Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	 57,864	 111,650
 Pension Contributions Made Subsequent to the Measurement Date	 <u>14,359</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u><u>\$ 72,223</u></u>	 <u><u>\$ 111,650</u></u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

\$14,359 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Inflows of Resources
2018	\$ 498
2019	9,276
2020	23,387
2021	20,625
Total	\$ 53,786

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

9. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

THIS Plan Description

The Regional Office of Education No. 40 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits.

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NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher Health Insurance Security Fund** (Continued)

THIS Plan Description (Continued)

Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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 required 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. 40. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 40 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 40, and recognized revenue and expenditures of \$28,882 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The Regional Office of Education No. 40 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 40 paid \$2,829 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office of Education No. 40 paid \$2,308 and \$1,978 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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NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Actuarial Assumptions

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

- The inflation rate was assumed to be 2.75%.
- Salary increases depend 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.
- The investment rate of return was assumed to be 0%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates were based on actual trends for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for Excise Tax.

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

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

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate.

The following presents the Regional Office of Education No. 40's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.56%</u>	<u>3.56%</u>	<u>4.56%</u>
Employer's proportionate share of the collective net OPEB liability	<u>\$ 371,804</u>	<u>\$ 309,981</u>	<u>\$260,255</u>

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates.

The following table shows the Regional Office of Education No. 40's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease^a	Healthcare Cost Trend Rates	1% Increase^b
Employer's proportionate share of the collective net OPEB liability	<u>\$ 250,071</u>	<u>\$ 309,981</u>	<u>\$ 395,623</u>

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

At June 30, 2018, the Regional Office of Education No. 40 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 40. The amount recognized by the Regional Office of Education No. 40 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 40 were as follow:

Employer’s proportionate share of the net OPEB liability	\$ 309,981
State’s proportionate share of the net OPEB liability associated with the employer	<u>407,023</u>
Total	<u>\$ 717,004</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 40’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 40’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 40, actuarially determined. At June 30, 2017, the Regional Office of Education No. 40’s proportion was 0.001194 percent, which was an increase of 0.000092 from its proportion measured as of June 30, 2016 (0.001102 percent). The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Regional Office of Education No. 40 recognized OPEB expense of \$28,882 and revenue of \$28,882 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education No. 40 recognized OPEB expense of \$25,891. At June 30, 2018, the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 176
Changes of assumptions	-	36,907
Net difference between projected and actual earnings on OPEB investments	-	3
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,728	-
Employer contributions subsequent to the measurement date	<u>2,829</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 24,557</u>	<u>\$ 37,086</u>

\$2,829 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 40's contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 40's OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2019	\$ 2,359
2020	2,359
2021	2,359
2022	2,359
2023	2,359
2024	2,359
2025	<u>1,204</u>
Total	<u>\$ 15,358</u>

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. **OTHER POSTEMPLOYMENT BENEFITS** (Continued)

A. **Teacher Health Insurance Security Fund** (Continued)

THIS Fiduciary Net Position

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

B. **Other Postemployment Benefits**

Plan Description

The Regional Office of Education No. 40 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF or TRS retirement plans. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

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)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Benefits Provided

The Regional Office of Education No. 40 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 40 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 40 offers various types of coverage through Egyptian Area Schools Employee Benefit Trust to full-time IMRF and TRS employees. Coverage becomes secondary to Medicare once eligible. Retirees may continue coverage in retirement past Medicare eligibility, however they are responsible for paying the full cost of the medical premium. Eligible spouse/dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse/dependent is responsible for the full cost of coverage.

The Regional Office of Education No. 40 provides dental, vision, and life insurance coverage to all eligible employees in accordance with Illinois Compiled Statutes. Retirees may continue dental or vision coverage into retirement. The retiree is responsible for the full premium cost of coverage for the dental and vision plans. Life insurance is not available to retirees.

Membership

At June 30, 2018 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	-
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	13
TOTAL	<u>13</u>

Funding Policy and Contributions

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

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

The contributions of \$921 from other Regional Office of Education No. 40 resources and benefit payments of \$921 from other Regional Office of Education No. 40 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Net OPEB Liability

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

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Actuarial Assumptions

- The discount rate used for the Total OPEB liability was 3.87%.
- The long-term expected rate of return on plan assets is not applicable as the OPEB obligation is unfunded.
- The high quality 20 year tax-exempt G.O. bond rate was 3.87%.
- The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
- Premiums charged for coverage of retiree and spouse for both under age 65 and age 65-&-Over depend upon the plan:
 - Plan A – Retiree \$9,548 and Spouse \$10,164
 - Plan B – Retiree \$8,664 and Spouse \$9,144
 - Plan C – Retiree \$7,452 and Spouse \$7,976
 - Plan D – Retiree \$6,356 and Spouse \$6,692
 - Plan E1 – Retiree \$8,000 and Spouse \$8,500
- The initial healthcare trend rate is based on the known premium increases from 7/1/2016-6/30/2017 to 7/1/2017-6/30/2018. The second-year trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 17.60% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
- Retiree contribution rates are the same as Healthcare Trend Rates.

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

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation 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.

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are 2 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability <u>(A)</u>	OPEB Plan Net Position <u>(B)</u>	Net OPEB Liability (Asset) <u>(A) - (B)</u>
Balance, July 1, 2017	\$ 19,163	\$ -	\$ 19,163
Changes for the period:			
Service Cost	2,701	-	2,701
Interest	724	-	724
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions- employer	-	921	(921)
Contributions-employee	-	-	-
Net investment income	-	-	-
Benefit payments from Trust	(921)	(921)	-
Administrative Expense	-	-	-
Net Changes	<u>2,504</u>	<u>-</u>	<u>2,504</u>
Balance, June 30, 2018	<u>\$ 21,667</u>	<u>\$ -</u>	<u>\$ 21,667</u>

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 Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Discount Rate (Continued)

Municipal Bond Rate

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

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

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

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 40's total OPEB liability calculated using a discount rate of 3.87%, as well as what the Regional Office of Education No. 40's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Employer Net OPEB Liability	<u>\$ 23,589</u>	<u>\$ 21,667</u>	<u>\$ 20,086</u>

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 40's total OPEB liability, calculated using the healthcare cost trend rates as well as what the Regional Office of Education No. 40'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 17.60% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits (Continued)

Sensitivity of the Healthcare Trend Rates (Continued)

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer's Net OPEB Liability	\$ 19,658	\$ 21,667	\$ 24,093

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

For the year ending June 30, 2018, the Regional Office of Education No. 40 recognized OPEB expense of \$3,425. At June 30, 2018 the Regional Office of Education No. 40 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total Deferred Amounts Related to OPEB	\$ -	\$ -

Contributions subsequent to the measurement date may be recognized as a reduction to the net OPEB liability. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

<u>Year ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ -
2020	-
2021	-
2022	-
2023 and thereafter	-
Total	\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

10. LONG-TERM LIABILITIES (ASSETS)

Long-term Liability (Asset) Activity

The following is a summary of the changes in the Regional Office of Education No. 40's long-term liabilities (assets):

	Balance <u>June 30, 2017</u>	Additions	Deletions	Balance <u>June 30, 2018</u>	Amounts Due Within <u>One Year</u>
Net pension liability - TRS	\$ 68,914	\$ -	\$ 41,235	\$ 27,679	\$ -
Net pension liability (asset) - IMRF	94,269	-	105,407	(11,138)	-
Net OPEB liability - THIS*	301,268	8,713	-	309,981	-
Net OPEB liability - Health Insurance*	<u>19,163</u>	<u>2,504</u>	<u>-</u>	<u>21,667</u>	<u>-</u>
Total long-term liabilities	<u>\$ 483,614</u>	<u>\$ 11,217</u>	<u>\$ 146,642</u>	<u>\$ 348,189</u>	<u>\$ -</u>

*Restated beginning balance

Payments on the net pension liability (asset) and the net OPEB liability are made by the governmental and proprietary funds.

11. ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 40:

State of Illinois:	
Regional Superintendent - salary	\$ 110,208
Regional Superintendent - benefits (includes State paid insurance)	19,612
Assistant Regional Superintendent - salary	99,192
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>32,642</u>
	<u>\$ 261,654</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 40 also recorded \$200,227 (based on figures for the fiscal year ended June 30, 2017) 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 \$28,882 for their share of the Teacher's Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS (Continued)

In addition, the Regional Office of Education No. 40 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 261,654
On-behalf payments for the Regional Office of Education's share of TRS pension expense	200,227
On-behalf payments for the Regional Office of Education's share of THIS OPEB expense	<u>28,882</u>
Total	<u><u>\$ 490,763</u></u>

12. RISK MANAGEMENT

The Regional Office of Education No. 40 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 40 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

13. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 40 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 40 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

14. CONTINGENCIES

The Regional Office of Education No. 40 has received funding from federal and State grants in the current and prior years, which are subject to audits by granting agencies. The Regional Office of Education No. 40 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 40's operations including the adjustments as noted in Finding 2018-002.

15. DEFICIT FUND BALANCES

The following individual funds had negative fund balances as of June 30, 2018:

Adult Education - State Basic	\$ (6,702)
Adult Education - State Performance	(3,384)
Truants Alternative/Optional Education	(126)
Title II Teacher Quality Leadership	(1,000)
Learning Technology Center	(7,500)

The deficit fund balances will be eliminated during the fiscal year ending June 30, 2019 by transferring funds to reduce these deficit fund balances and by recognizing unavailable revenues at June 30, 2018 as revenue.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

NOTES TO FINANCIAL STATEMENTS

16. PRIOR PERIOD ADJUSTMENT

The Regional Office of Education No. 40 implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. The Regional Office of Education No. 40 has restated net position of the governmental activities, business-type activities, and Workshops fund as of June 30, 2017 to present deferred outflows of resources, other postemployment benefits liability, and deferred inflows of resources.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Workshops</u>
Net position at June 30, 2017	\$ 334,652	\$ 32,192	\$ 21,202
Recognition of Net OPEB liability	(293,317)	(27,114)	(27,114)
Recognition of deferred outflows related to OPEB	<u>2,100</u>	<u>208</u>	<u>208</u>
Net position, restated at June 30, 2017	<u>\$ 43,435</u>	<u>\$ 5,286</u>	<u>\$ (5,704)</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

**For the years ended June 30, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015, and 2014)**

Total Pension Liability	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service cost	\$ 18,275	\$ 20,135	\$ 20,012	\$ 23,686
Interest on the total pension liability	81,102	70,529	70,881	64,919
Difference between expected and actual experience of the total pension liability	19,999	112,218	(55,660)	(15,388)
Changes of assumptions	(36,631)	-	-	35,418
Benefit payments, including refunds of employee contributions	(69,229)	(52,725)	(27,248)	(28,115)
Net change in total pension liability	<u>13,516</u>	<u>150,157</u>	<u>7,985</u>	<u>80,520</u>
Total pension liability - beginning	<u>1,106,080</u>	<u>955,923</u>	<u>947,938</u>	<u>867,418</u>
Total pension liability - ending (A)	<u>1,119,596</u>	<u>1,106,080</u>	<u>955,923</u>	<u>947,938</u>
 Plan Fiduciary Net Position				
Contributions - employer	11,042	16,093	17,857	30,180
Contributions - employees	8,465	8,155	8,998	9,879
Net investment income	169,558	85,206	(10,160)	51,159
Benefit payments, including refunds of employee contributions	(69,229)	(52,725)	(27,248)	(28,115)
Other (net transfer)	(913)	(1,246)	1,428	(675)
Net change in plan fiduciary net position	<u>118,923</u>	<u>55,483</u>	<u>(9,125)</u>	<u>62,428</u>
Plan fiduciary net position - beginning	<u>1,011,811</u>	<u>956,328</u>	<u>965,453</u>	<u>903,025</u>
Plan fiduciary net position - ending (B)	<u>1,130,734</u>	<u>1,011,811</u>	<u>956,328</u>	<u>965,453</u>
Net pension liability/(asset) -ending (A)-(B)	<u>\$ (11,138)</u>	<u>\$ 94,269</u>	<u>\$ (405)</u>	<u>\$ (17,515)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability				
	100.99%	91.48%	100.04%	101.85%
Covered Payroll	\$ 188,102	\$ 181,224	\$ 199,967	\$ 219,532
 Net Pension Liability as a Percentage of Covered Payroll				
	-5.92%	52.02%	-0.20%	-7.98%

Notes to Schedules:

These schedules are 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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

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

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

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 30,186	\$ 30,180	\$ 6	\$ 219,532	13.75%
2015	17,857	17,857	-	199,967	8.93%
2016	16,093	16,093	-	181,224	8.88%
2017	11,042	11,042	-	188,102	5.87%

Notes to Schedule:

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

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40

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

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

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

Methods and Assumptions Used to Determine 2017 Contribution Rates: (Concluded)

Mortality:

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

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

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.0000362294%	0.0000873035%	0.0000483380%	0.0001700755%
Employer's proportionate share of the net pension liability	\$ 27,679	\$ 68,914	\$ 31,666	\$ 103,505
State's proportionate share of the net pension liability associated with the employer	<u>2,034,514</u>	<u>1,994,848</u>	<u>1,323,866</u>	<u>1,566,428</u>
Total	<u>\$ 2,062,193</u>	<u>\$ 2,063,762</u>	<u>\$ 1,355,532</u>	<u>\$ 1,669,933</u>
Employer's covered payroll	\$ 274,783	\$ 275,424	\$ 211,946	\$ 299,998
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.1%	25.0%	14.9%	34.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

Notes to Schedules:

Changes of assumptions

For the 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.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS-
SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 4,003	\$ 1,594	\$ 3,256	\$ 1,694	\$ 6,084
Contributions in relation to the statutorily-required contribution	<u>4,003</u>	<u>1,594</u>	<u>3,256</u>	<u>1,694</u>	<u>6,068</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>
Employer's covered payroll	\$ 321,528	\$ 274,783	\$ 275,424	\$ 211,946	\$ 299,998
Contributions as a percentage of covered payroll	1.2%	0.6%	1.2%	0.8%	2.0%

The information on both TRS schedules will accumulate until a full 10 year trend is presented as required by GASB Statement No. 68.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHER'S HEALTH INSURANCE SECURITY FUND
SCHEDULES OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 2,829	\$ 2,308	\$ 1,978
Contributions in relation to the statutorily-required contribution	<u>2,829</u>	<u>2,308</u>	<u>1,978</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Employer's covered payroll	 \$ 321,528	 \$ 274,783	 \$ 275,424
Contributions as a percentage of covered payroll	0.9%	0.8%	0.7%

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**TEACHER'S HEALTH INSURANCE SECURITY FUND
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
(UNAUDITED)**

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

	2017	2016
Employer's proportion of the collective net OPEB liability	0.001194%	0.001102%
Employer's proportionate share of the collective net OPEB liability	\$ 309,981	\$ 301,268
Employer's covered payroll	\$ 274,783	\$ 275,424
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.81%	109.38%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

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

Changes of Benefit Term

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

Changes of Assumptions

Because this is implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same assumptions, data and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 74/75 reporting, there have been no changes in assumptions from the prior period.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30, 2018

	2018
Actuarially Determined Contribution	N/A
Contributions in relation to the Actuarially Determined Contribution	-
Contribution deficiency (excess)	N/A
 Employer's covered payroll	\$ 462,599
Contributions as a percentage of covered payroll	0.0%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Regional Office of Education No. 40 did make contributions from other Regional Office of Education No. 40 resources in the current year in the amount of \$921.

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.

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

Total OPEB Liability	<u>2018</u>
Service cost	\$ 2,701
Interest on the total OPEB liability	724
Changes in benefit terms	-
Differences between expected and actual experience	
of the total OPEB liability	-
Changes of assumptions	-
Benefit payments	<u>(921)</u>
Net change in total OPEB liability	2,504
Total OPEB liability - beginning	<u>19,163</u>
Total OPEB liability - ending (A)	<u>21,667</u>
 OPEB Plan Net Position	
Contributions - employer	921
Contributions - employee	-
Contributions - other	-
Net investment income	-
Benefit payments	(921)
Administrative expense	<u>-</u>
Net change in OPEB plan net position	-
OPEB plan net position - beginning	<u>-</u>
OPEB plan net position - ending (B)	<u>-</u>
Net OPEB liability - ending (A)-(B)	<u><u>\$ 21,667</u></u>
 OPEB Plan Net Position as a Percentage	
of the Total OPEB Liability	0.00%
 Covered Payroll	 \$ 462,599
 Net OPEB Liability as a Percentage	
of Covered Payroll	4.68%

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

SUPPLEMENTARY INFORMATION

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Administrative	Alternative Schools Fund	Direct Services	General State Aid
ASSETS				
Cash and cash equivalents	\$ 1,320	\$ 78,095	\$ 1,564	\$ 139,131
Due from other funds	-	-	-	55,085
Due from other governments	-	-	-	-
Total assets	\$ 1,320	\$ 78,095	\$ 1,564	\$ 194,216
LIABILITIES				
Accounts payable	\$ 126	\$ 47	\$ 442	\$ -
Unearned revenue	-	-	-	-
Total liabilities	126	47	442	-
FUND BALANCES				
Unassigned	1,194	78,048	1,122	194,216
Total liabilities and fund balances	\$ 1,320	\$ 78,095	\$ 1,564	\$ 194,216

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
ASSETS				
Cash and cash equivalents	\$ 26,171	\$ 64,626	\$ 16,571	\$ 327,478
Due from other funds	-	-	-	55,085
Due from other governments	6,244	-	-	6,244
	<u>\$ 32,415</u>	<u>\$ 64,626</u>	<u>\$ 16,571</u>	<u>\$ 388,807</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 615
Unearned revenue	-	8,201	-	8,201
	<u>-</u>	<u>8,201</u>	<u>-</u>	<u>8,816</u>
FUND BALANCES				
Unassigned	32,415	56,425	16,571	379,991
	<u>32,415</u>	<u>56,425</u>	<u>16,571</u>	<u>379,991</u>
Total liabilities and fund balances	<u>\$ 32,415</u>	<u>\$ 64,626</u>	<u>\$ 16,571</u>	<u>\$ 388,807</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Administrative	Alternative Schools Fund	Direct Services	General State Aid
Revenues:				
Local sources	\$ -	\$ -	\$ 18,305	\$ 5,380
State sources	1,404	80,771	-	248,642
On-behalf payments	261,654	-	-	-
Interest	-	-	-	2
	<u>263,058</u>	<u>80,771</u>	<u>18,305</u>	<u>254,024</u>
Expenditures:				
Instructional services:				
Salaries	-	36,890	9,366	135,419
Benefits	-	8,943	744	20,356
Purchased services	226	6,110	7,489	15,395
Supplies and materials	-	3	14	150
Pension expense	-	811	969	3,176
OPEB expense	-	131	-	2,069
On-behalf payments	261,654	-	-	-
	<u>261,880</u>	<u>52,888</u>	<u>18,582</u>	<u>176,565</u>
Net change in fund balances	1,178	27,883	(277)	77,459
Fund balances, beginning of year	<u>16</u>	<u>50,165</u>	<u>1,399</u>	<u>116,757</u>
Fund balances, end of year	<u>\$ 1,194</u>	<u>\$ 78,048</u>	<u>\$ 1,122</u>	<u>\$ 194,216</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
Revenues:				
Local sources	\$ 70,058	\$ 64,026	\$ -	\$ 157,769
State sources	-	-	-	330,817
On-behalf payments	-	-	-	261,654
Interest	-	-	-	2
	<u>70,058</u>	<u>64,026</u>	<u>-</u>	<u>750,242</u>
Total revenues				
Expenditures:				
Instructional services:				
Salaries	40,499	37,405	-	259,579
Benefits	14,146	6,014	-	50,203
Purchased services	3,374	5,549	-	38,143
Supplies and materials	54	56	-	277
Pension expense	3,027	3,337	-	11,320
OPEB expense	-	-	-	2,200
On-behalf payments	-	-	-	261,654
	<u>61,100</u>	<u>52,361</u>	<u>-</u>	<u>623,376</u>
Total expenditures				
Net change in fund balance	8,958	11,665	-	126,866
Fund balances, beginning of year	<u>23,457</u>	<u>44,760</u>	<u>16,571</u>	<u>253,125</u>
Fund balances, end of year	<u>\$ 32,415</u>	<u>\$ 56,425</u>	<u>\$ 16,571</u>	<u>\$ 379,991</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Adult Education Programs</u>	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>	<u>Teen Parent Services</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 5,270	\$ 4,466	\$ 7,398
Due from other governments	<u>20,676</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 20,676</u>	<u>\$ 5,270</u>	<u>\$ 4,466</u>	<u>\$ 7,398</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,810	\$ 1,216	\$ -
Due to other funds	17,867	-	-	-
Due to other governments	2,807	1,165	2,463	-
Unearned revenue	<u>-</u>	<u>295</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>20,674</u>	<u>5,270</u>	<u>3,679</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>10,088</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	-	-	787	7,398
Unassigned	<u>(10,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>(10,086)</u>	<u>-</u>	<u>787</u>	<u>7,398</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 20,676</u>	<u>\$ 5,270</u>	<u>\$ 4,466</u>	<u>\$ 7,398</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Title I System of Support	Truants Alternative/ Optional Education	Title II Teacher Quality Leadership	Learning Technology Center	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 17,134
Due from other governments	27,645	16,599	1,000	7,500	73,420
	<u>\$ 27,645</u>	<u>\$ 16,599</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 90,554</u>
LIABILITIES					
Accounts payable	\$ 2,565	\$ 629	\$ -	\$ 7,500	\$ 15,720
Due to other funds	25,080	11,138	1,000	-	55,085
Due to other governments	-	4,958	-	-	11,393
Unearned revenue	-	-	-	-	295
	<u>27,645</u>	<u>16,725</u>	<u>1,000</u>	<u>7,500</u>	<u>82,493</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	1,000	7,500	18,588
FUND BALANCES (DEFICITS)					
Restricted	-	-	-	-	8,185
Unassigned	-	(126)	(1,000)	(7,500)	(18,712)
	<u>-</u>	<u>(126)</u>	<u>(1,000)</u>	<u>(7,500)</u>	<u>(10,527)</u>
Total fund balances (deficits)	<u>-</u>	<u>(126)</u>	<u>(1,000)</u>	<u>(7,500)</u>	<u>(10,527)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 27,645</u>	<u>\$ 16,599</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 90,554</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Adult Education Programs	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 2,686
State sources	52,937	125,979	110,086	-
Federal sources	33,160	-	-	-
Interest	-	-	1,202	-
	<u>86,097</u>	<u>125,979</u>	<u>111,288</u>	<u>2,686</u>
Expenditures:				
Instructional services:				
Salaries	67,886	44,002	55,892	-
Benefits	3,404	1,204	7,678	-
Purchased services	9,356	8,580	35,246	-
Supplies and materials	13,225	7,758	3,788	759
Other	-	-	4,002	-
Pension expense	2,134	599	3,239	-
OPEB expense	178	248	241	-
Intergovernmental:				
Payments to other governments	-	-	-	-
	<u>96,183</u>	<u>62,391</u>	<u>110,086</u>	<u>759</u>
Net change in fund balances	(10,086)	63,588	1,202	1,927
Fund balances (deficits), beginning of year	<u>-</u>	<u>(63,588)</u>	<u>(415)</u>	<u>5,471</u>
Fund balances (deficits), end of year	<u>\$ (10,086)</u>	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 7,398</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Title I System of Support	Truants Alternative/ Optional Education	Title II Teacher Quality Leadership	Learning Technology Center	Total
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,686
State sources	-	203,798	-	-	492,800
Federal sources	61,132	-	-	-	94,292
Interest	-	-	-	-	1,202
Total revenues	61,132	203,798	-	-	590,980
Expenditures:					
Instructional services:					
Salaries	24,793	56,988	-	1,921	251,482
Benefits	307	3,799	-	61	16,453
Purchased services	34,417	30,067	1,000	5,518	124,184
Supplies and materials	1,615	972	-	-	28,117
Other	-	-	-	-	4,002
Pension expense	-	2,793	-	-	8,765
OPEB expense	-	20	-	-	687
Intergovernmental:					
Payments to other governments	-	5,000	-	-	5,000
Total expenditures	61,132	99,639	1,000	7,500	438,690
Net change in fund balances	-	104,159	(1,000)	(7,500)	152,290
Fund balances (deficits), beginning of year	-	(104,285)	-	-	(162,817)
Fund balances (deficits), end of year	\$ -	\$ (126)	\$ (1,000)	\$ (7,500)	\$ (10,527)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING SCHEDULE OF ACCOUNTS
ADULT EDUCATION PROGRAMS
June 30, 2018**

	Federal Basic	State Basic	State Performance	Total
ASSETS				
Due from other governments	\$ -	\$ 13,904	\$ 6,772	\$ 20,676
Total assets	\$ -	\$ 13,904	\$ 6,772	\$ 20,676
 LIABILITIES				
Due to other funds	\$ -	\$ 11,097	\$ 6,770	\$ 17,867
Due to other governments	-	2,807	-	2,807
Total liabilities	-	13,904	6,770	20,674
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	6,702	3,386	10,088
 FUND BALANCES (DEFICITS)				
Unassigned	-	(6,702)	(3,384)	(10,086)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ 13,904	\$ 6,772	\$ 20,676

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Federal Basic	State Basic	State Performance	Total
Revenues:				
State sources	\$ -	\$ 36,008	\$ 16,929	\$ 52,937
Federal sources	33,160	-	-	33,160
Total revenues	<u>33,160</u>	<u>36,008</u>	<u>16,929</u>	<u>86,097</u>
Expenditures				
Instructional services:				
Salaries	23,300	27,421	17,165	67,886
Benefits	393	2,011	1,000	3,404
Purchased services	815	6,646	1,895	9,356
Supplies and materials	8,652	4,573	-	13,225
Pension expense	-	1,955	179	2,134
OPEB expense	-	104	74	178
Total expenditures	<u>33,160</u>	<u>42,710</u>	<u>20,313</u>	<u>96,183</u>
Net change in fund balances	-	(6,702)	(3,384)	(10,086)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ (6,702)</u>	<u>\$ (3,384)</u>	<u>\$ (10,086)</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 33,160	\$ 33,160	\$ 33,160
Expenditures:			
Instructional services:			
Salaries	23,300	25,300	23,300
Benefits	1,000	6,800	393
Purchased services	-	-	815
Supplies and materials	8,860	1,060	8,652
Total expenditures	33,160	33,160	33,160
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 43,210	\$ 43,210	\$ 36,008
Expenditures:			
Instructional services:			
Salaries	25,100	35,156	27,421
Benefits	4,200	3,400	2,011
Purchased services	2,454	2,154	6,646
Supplies and materials	11,456	2,500	4,573
Pension expense	-	-	1,955
OPEB expense	-	-	104
Total expenditures	43,210	43,210	42,710
Net change in fund balance	\$ -	\$ -	(6,702)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (6,702)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE PERFORMANCE
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 20,315	\$ 20,315	\$ 16,929
Expenditures:			
Instructional services:			
Salaries	17,165	17,165	17,165
Benefits	1,650	1,350	1,000
Purchased services	1,500	1,500	1,895
Supplies and materials	-	300	-
Pension expense	-	-	179
OPEB expense	-	-	74
Total expenditures	20,315	20,315	20,313
Net change in fund balance	\$ -	\$ -	(3,384)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (3,384)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 63,556	\$ 63,556	\$ 62,391
Expenditures:			
Instructional services:			
Salaries	43,557	43,557	44,002
Benefits	1,148	1,148	1,204
Purchased services	10,138	10,138	8,580
Supplies and materials	6,713	6,713	7,758
Capital outlay	2,000	2,000	-
Pension expense	-	-	599
OPEB expense	-	-	248
	-	-	248
Total expenditures	63,556	63,556	62,391
Net change in fund balance	\$ -	\$ -	-
Fund balance, July I, 2017			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
Fiscal Year 2017 Grant
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 63,883	\$ 63,883	\$ 63,588
Expenditures:			
Instructional services:			
Salaries	42,918	42,918	-
Benefits	1,148	1,148	-
Purchased services	11,104	11,104	-
Supplies and materials	6,713	6,713	-
Capital outlay	2,000	2,000	-
Total expenditures	63,883	63,883	-
Net change in fund balance	\$ -	\$ -	63,588
Fund balance (deficit), beginning of year			(63,588)
Fund balance, July 1, 2017			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 102,530	\$ 112,549	\$ 110,086
Interest	-	-	1,202
Total revenues	102,530	112,549	111,288
Expenditures:			
Instructional services:			
Salaries	51,671	56,671	55,892
Benefits	10,200	10,200	7,678
Purchased services	32,940	37,959	35,246
Supplies and materials	3,719	3,719	3,788
Other	4,000	4,000	4,002
Pension expense	-	-	3,239
OPEB expense	-	-	241
Total expenditures	102,530	112,549	110,086
Net change in fund balance	\$ -	\$ -	1,202
Fund balance (deficit), beginning of year			(415)
Fund balance, end of year			\$ 787

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 95,000	\$ 121,000	\$ 57,132
Expenditures:			
Instructional services:			
Salaries	48,150	22,818	21,168
Benefits	4,132	882	307
Purchased services	40,343	94,925	34,042
Supplies and materials	2,375	2,375	1,615
Total expenditures	95,000	121,000	57,132
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2017			-
Fund balance, end of year			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I - SYSTEM OF SUPPORT
Fiscal Year 2017 Grant
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 70,000	\$ 70,000	\$ 4,000
Expenditures:			
Instructional services:			
Salaries	7,703	7,703	3,625
Benefits	916	916	-
Purchased services	59,631	59,631	375
Supplies and materials	1,750	1,750	-
Total expenditures	70,000	70,000	4,000
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, July 1, 2017			\$ -

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 104,599	\$ 104,599	\$ 99,641
Expenditures:			
Instructional services:			
Salaries	85,737	57,837	56,988
Benefits	9,287	9,287	3,799
Purchased services	5,575	31,475	30,067
Supplies and materials	1,000	1,000	972
Pension expense	-	-	2,793
OPEB expense	-	-	20
Intergovernmental:			
Payments to other governments	3,000	5,000	5,000
Total expenditures	104,599	104,599	99,639
Net change in fund balance	\$ -	\$ -	2
Fund balance (deficit), July 1, 2017			(128)
Fund balance (deficit), end of year			\$ (126)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
Fiscal Year 2017 Grant
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 104,599	\$ 104,599	\$ 104,157
Expenditures:			
Instructional services:			
Salaries	72,627	72,627	-
Benefits	5,119	5,119	-
Purchased services	22,610	22,610	-
Supplies and materials	889	889	-
Intergovernmental:			
Payments to other governments	3,354	3,354	-
Total expenditures	104,599	104,599	-
Net change in fund balance	\$ -	\$ -	104,157
Fund balance (deficit), beginning of year			(104,285)
Fund balance (deficit), July 1, 2017			\$ (128)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,227	\$ 1,227	\$ -
Expenditures:			
Instructional services:			
Salaries	100	100	-
Benefits	20	20	-
Purchased services	1,107	1,107	1,000
Total expenditures	1,227	1,227	1,000
Net change in fund balance	\$ -	\$ -	(1,000)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (1,000)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
LEARNING TECHNOLOGY CENTER
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 7,500	\$ 7,500	\$ -
Expenditures:			
Instructional services:			
Salaries	1,867	1,867	1,921
Benefits	133	133	61
Purchased services	5,500	5,500	5,518
Total expenditures	7,500	7,500	7,500
Net change in fund balance	\$ -	\$ -	(7,500)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (7,500)

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Bus Driver Permit Fund	General Education Development Fund	Total
ASSETS			
Cash and cash equivalents	\$ 12,730	\$ 10,621	\$ 23,351
Total assets	\$ 12,730	\$ 10,621	\$ 23,351
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Restricted	12,730	10,621	23,351
Total liabilities and fund balances	\$ 12,730	\$ 10,621	\$ 23,351

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Bus Driver Permit Fund	General Education Development Fund	Total
Revenues:			
Local sources	\$ 2,430	\$ 7,009	\$ 9,439
State sources	1,323	-	1,323
	3,753	7,009	10,762
Expenditures:			
Instructional services:			
Salaries	-	5,408	5,408
Employee benefits	-	1,394	1,394
Purchased services	2,041	1,908	3,949
Supplies and materials	177	43	220
Pension expense	-	665	665
	2,218	9,418	11,636
Net change in fund balances	1,535	(2,409)	(874)
Fund balances, beginning of year	11,195	13,030	24,225
Fund balances, end of year	\$ 12,730	\$ 10,621	\$ 23,351

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS**

June 30, 2018

	Administrators' Academy	Olympiad Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 319	\$ 15,916	\$ 16,235
Total assets	319	15,916	16,235
LIABILITIES	-	-	-
NET POSITION			
Unrestricted	319	15,916	16,235
Total net position	\$ 319	\$ 15,916	\$ 16,235

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Administrators' Academy	Olympiad Fund	Total
Operating revenues:			
Charges for services	\$ -	\$ 15,875	\$ 15,875
Operating expenses:			
Purchased services	-	10,316	10,316
Supplies and materials	-	314	314
Total operating expenses	-	10,630	10,630
Operating income	-	5,245	5,245
Net position - beginning of year	319	10,671	10,990
Net position - end of year	\$ 319	\$ 15,916	\$ 16,235

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Administrators Academy	Olympiad Fund	Total
Cash flows from operating activities:			
Collection of fees	\$ 400	\$ 15,875	\$ 16,275
Payments to suppliers and providers for goods and services	(128)	(10,630)	(10,758)
Net cash provided by operating activities	272	5,245	5,517
Cash flows from noncapital financing activities:			
Interfund loans	(203)	-	(203)
Net cash used for noncapital financing activities	(203)	-	(203)
Net increase in cash and cash equivalents	69	5,245	5,314
Cash and cash equivalents - beginning of year	250	10,671	10,921
Cash and cash equivalents - end of year	\$ 319	\$ 15,916	\$ 16,235
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ -	\$ 5,245	\$ 5,245
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease in due from other governments	400	-	400
Decrease in accounts payable	(128)	-	(128)
Net cash provided by operating activities	\$ 272	\$ 5,245	\$ 5,517

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	Central Illinois Rural Region Career & Technical Education System	Trustee Fund	School Facility Sales Tax	Total
ASSETS				
Cash and cash equivalents	\$ 14,089	\$ -	\$ -	\$ 14,089
Due from other governments	-	-	1,147,794	1,147,794
Total assets	<u>\$ 14,089</u>	<u>\$ -</u>	<u>\$ 1,147,794</u>	<u>\$ 1,161,883</u>
LIABILITIES				
Due to other governments	\$ 14,089	\$ -	\$ 1,147,794	\$ 1,161,883
Total liabilities	<u>\$ 14,089</u>	<u>\$ -</u>	<u>\$ 1,147,794</u>	<u>\$ 1,161,883</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

CENTRAL ILLINOIS RURAL REGION

**CAREER & TECHNICAL
EDUCATION SYSTEM**

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 4,993	\$ 607,793	\$ 598,697	\$ 14,089
Total assets	<u>\$ 4,993</u>	<u>\$ 607,793</u>	<u>\$ 598,697</u>	<u>\$ 14,089</u>
LIABILITIES				
Due to other governments	\$ 4,993	\$ 607,793	\$ 598,697	\$ 14,089
Total liabilities	<u>\$ 4,993</u>	<u>\$ 607,793</u>	<u>\$ 598,697</u>	<u>\$ 14,089</u>

TRUSTEE FUND

ASSETS				
Cash and cash equivalents	\$ 14	\$ -	\$ 14	\$ -
Total assets	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ 14	\$ -	\$ 14	\$ -
Total liabilities	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>

**SCHOOL FACILITY
SALES TAX**

ASSETS				
Cash and cash equivalents	\$ -	\$4,226,998	\$4,226,998	\$ -
Due from other governments	1,064,468	1,147,794	1,064,468	1,147,794
Total assets	<u>\$1,064,468</u>	<u>\$5,374,792</u>	<u>\$5,291,466</u>	<u>\$ 1,147,794</u>
LIABILITIES				
Due to other governments	\$1,064,468	\$5,374,792	\$5,291,466	\$ 1,147,794
Total liabilities	<u>\$1,064,468</u>	<u>\$5,374,792</u>	<u>\$5,291,466</u>	<u>\$ 1,147,794</u>

**CALHOUN, GREENE, JERSEY, AND MACOUPIN COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 40**

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>TOTAL</u>				
ASSETS				
Cash and cash equivalents	\$ 5,007	\$4,834,791	\$4,825,709	\$ 14,089
Due from other governments	<u>1,064,468</u>	<u>1,147,794</u>	<u>1,064,468</u>	<u>1,147,794</u>
Total assets	<u>\$1,069,475</u>	<u>\$5,982,585</u>	<u>\$5,890,177</u>	<u>\$ 1,161,883</u>
LIABILITIES				
Due to other governments	<u>\$1,069,475</u>	<u>\$5,982,585</u>	<u>\$5,890,177</u>	<u>\$ 1,161,883</u>
Total liabilities	<u>\$1,069,475</u>	<u>\$5,982,585</u>	<u>\$5,890,177</u>	<u>\$ 1,161,883</u>