

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

**FINANCIAL AUDIT
For the year ended June 30, 2019**

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



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

TABLE OF CONTENTS

	<u>Page(s)</u>
OFFICIALS	1
FINANCIAL REPORT SUMMARY	2
FINANCIAL STATEMENT REPORT SUMMARY	3
FINANCIAL SECTION:	
Independent Auditors' Report.....	4 - 6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditors' Report.....	7 - 8
Schedule of Findings and Responses:	
Section I – Summary of Auditors' Results	9
Section II – Financial Statement Findings.....	10A - B
Corrective Action Plan for Current Year Audit Findings.....	11A
Summary Schedule of Prior Audit Findings Not Repeated.....	12
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15 - 16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18 - 19

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

**TABLE OF CONTENTS
(Continued)**

	<u>Page(s)</u>
BASIC FINANCIAL STATEMENTS: (Continued)	
Fund Financial Statements: (Continued)	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	20
Statement of Net Position – Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Net Position – Fiduciary Funds	24
Notes to Financial Statements.....	25 - 65
REQUIRED SUPPLEMENTARY INFORMATION:	
Illinois Municipal Retirement Fund – Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios	66
Illinois Municipal Retirement Fund – Schedule of Employer Contributions	67 - 68
Teachers' Retirement System of the State of Illinois – Schedules of Employer's Proportionate Share of the Net Pension Liability	69
Teachers' Retirement System of the State of Illinois – Schedule of the Employer's Contributions	70
Teacher's Health Insurance Security Fund – Schedules of the Employer's Contributions	71
Teacher's Health Insurance Security Fund – Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability.....	72
Other Post Employment Benefits – Schedule of the Employer's Contributions	73

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

**TABLE OF CONTENTS
(Continued)**

Page(s)

REQUIRED SUPPLEMENTARY INFORMATION: (Continued)

Other Post Employment Benefits – Schedule of Changes in the Total OPEB Liability and Related Ratios	74
--	----

SUPPLEMENTARY INFORMATION:

General Fund:

Combining Schedules:

Combining Schedule of Accounts – General Fund	75 - 76
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts.....	77 - 78

Education Fund:

Combining Schedules:

Combining Schedule of Accounts – Education Fund.....	79 - 80
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts.....	81 - 82
Combining Schedule of Accounts – Adult Education Programs.....	83
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Adult Education Programs.....	84

Budgetary Comparison Schedules:

Budgetary Comparison Schedule – Education Fund Accounts Adult Education – Federal Basic.....	85
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – State Basic Fiscal Year 2019 Grant	86
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – State Basic Fiscal Year 2018 Grant	87
Budgetary Comparison Schedule – Education Fund Accounts Adult Education – State Performance Fiscal Year 2019 Grant.....	88

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

**TABLE OF CONTENTS
(Continued)**

Page(s)

SUPPLEMENTARY INFORMATION: (Continued)

Budgetary Comparison Schedule – Education Fund Accounts Adult Education – State Performance Fiscal Year 2018 Grant.....	89
Budgetary Comparison Schedule – Education Fund Accounts Regional Safe Schools	90
Budgetary Comparison Schedule – Education Fund Accounts ROE/ISC Operations	91
Budgetary Comparison Schedule – Education Fund Accounts Title I – System of Support Fiscal Year 2018 Grant	92
Budgetary Comparison Schedule – Education Fund Accounts Truants Alternative/Optional Education.....	93
Budgetary Comparison Schedule – Education Fund Accounts Title II Teacher Quality Leadership Fiscal Year 2019 Grant.....	94
Budgetary Comparison Schedule – Education Fund Accounts Title II Teacher Quality Leadership Fiscal Year 2018 Grant.....	95
Budgetary Comparison Schedule – Education Fund Accounts Learning Technology Center Fiscal Year 2019 Grant.....	96
Budgetary Comparison Schedule – Education Fund Accounts Learning Technology Center Fiscal Year 2018 Grant.....	97
Nonmajor Special Revenue Funds:	
Combining Statements:	
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	99
Nonmajor Proprietary Funds:	
Combining Statements:	
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	100

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

**TABLE OF CONTENTS
(Continued)**

Page(s)

SUPPLEMENTARY INFORMATION: (Continued)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	101
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	102

Fiduciary Funds:

Combining Statements:

Combining Statement of Fiduciary Net Position – Agency Funds.....	103
Combining Statement of Changes in Assets and Liabilities – Agency Funds	104 - 105

**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:

225 E. Nicholas Street
Carlinville, IL 62626

201 W. Exchange Street
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	1	4
Repeated audit findings	-	2
Prior recommendations implemented or not repeated	4	2

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)			
2019-001	10A	Inadequate Internal Controls Over Compliance Requirements	Noncompliance
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2018-001	12	Controls over Financial Statement Preparation	Material Weakness
2018-002	12	Controls over Grant Compliance	Noncompliance
2018-003	12	Insufficient Collateralization of Bank Deposits	Significant Deficiency
2018-004	12	Delay of Audit	Noncompliance

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, 2019. 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 January 30, 2020.

**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.



613 Broadway Avenue
P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
www.westcpa.com

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund – Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers’ Retirement System of the State of Illinois – Schedules of Employer’s Proportionate Share of the Net Pension Liability, Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Contributions, Teacher’s Health Insurance Security Fund – Schedules of the Employer’s Contributions, Teacher’s Health Insurance Security Fund – Schedule of the Employer’s Proportionate Share of the Collective Net OPEB Liability, Other Post Employment Benefits – Schedule of the Employer’s Contributions, and Other Post Employment Benefits – Schedules of Changes in the Total OPEB Liability and Related Ratios on pages 66-74 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 April 13, 2020 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.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 13, 2020



613 Broadway Avenue
P.O. Box 945
Mattoon, Illinois 61938

(217) 235-4747
www.westcpa.com

**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, 2019, 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 April 13, 2020.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as finding 2019-001.

Regional Office of Education No. 40's Response to Finding

The Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Calhoun, Greene, Jersey, and Macoupin Counties Regional Office of Education No. 40's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 13, 2020

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, 2019**

Financial Statements in accordance with GAAP

Type of auditors' report issued:

UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified?

 yes X no

- Significant deficiency(ies) identified?

 yes X 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, 2019**

FINDING NO. 2019-001 – Inadequate Internal Controls Over Compliance Requirements

Criteria/Specific Requirement:

For fiscal year 2019, the *Grant Accountability and Transparency Act (GATA) 30 ILCS 708/1* became effective for all federal and State award programs administered by the Regional Office of Education No. 40 (ROE). The GATA establishes that State grant programs are subject to the requirements set forth in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance (2 CFR 200.430) requires charges for salaries and benefits to be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, and properly allocated. It also requires records be used to support the distribution of employee salaries and benefits among specific activities if the employee works on multiple programs. It further states that budget estimates alone do not qualify as support for salary and benefit expenditures charged to federal and State grants.

The GATA also requires the ROE to implement a procurement policy that is in accordance with the Uniform Guidance (2 CFR 200.317 through 200.326). In addition, the Illinois State Board of Education's (ISBE) State and Federal Administration Policy, Fiscal Requirements, and Procedures requires the ROE to implement a fraud policy.

Condition:

The ROE did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. The ROE did not require salaried individuals to submit time and effort documentation; therefore, they were unable to determine the reasonableness of the allocation of salaries and benefits amongst federal and State programs.

The ROE did not update their procurement policy to be in accordance with the requirements of the Uniform Guidance and did not implement a fraud policy.

Effect:

Since time and effort documentation was not used to allocate the salary and benefit costs of certain employees, there is an increased risk the salary and benefit costs charged to the various federal and State programs do not reflect the actual time worked on the programs.

Due to the ROE not implementing a procurement policy in accordance with the Uniform Guidance, the ROE could make purchases that are improper or not in compliance with grant requirements. Since the ROE has not implemented a fraud policy, employees of the ROE might not have the resources necessary to report fraud or improprieties to the appropriate parties.

**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, 2019**

FINDING NO. 2019-001 – Inadequate Internal Controls Over Compliance Requirements (Continued)

Cause:

Management failed to properly train staff to ensure proper time and effort completion.

Management failed to update policies to reflect current GATA requirements pertaining to procurement and fraud.

Auditors' Recommendation:

We recommend the ROE use time and effort documentation to distribute salary and benefit costs for all employees. We also recommend that the ROE update the procurement policy to comply with the requirements of the Uniform Guidance and implement a formal fraud policy.

Management's Response:

All staff will complete time and effort documentation so payroll expense can be properly allocated.

A procurement and fraud policy has been added to the ROE's policy and procedure manual.

**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, 2019**

Corrective Action Plan

FINDING NO. 2019-001 – Inadequate Internal Controls Over Compliance Requirements

Condition:

The ROE did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. The ROE did not require salaried individuals to submit time and effort documentation; therefore, they were unable to determine the reasonableness of the allocation of salaries and benefits amongst federal and State programs.

The ROE did not update their procurement policy to be in accordance with the requirements of the Uniform Guidance and did not implement a fraud policy.

Plan:

Management will follow up monthly on time and effort documentation.

Management will ensure new policies are being followed.

Anticipated Date of Completion:

Time and effort sheets begin January 2020.

Fraud and procurement policies have already been established.

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
For the year ended June 30, 2019**

2018-001	Controls over Financial Statement Preparation	Not Repeated
	The Regional Office of Education No. 40 hired an accounting firm to prepare the financial statements.	
2018-002	Controls over Grant Compliance	Not Repeated
	During the current audit, audit testing results indicated the Regional Office of Education No. 40 implemented corrective actions and controls over compliance appear to be adequate.	
2018-003	Insufficient Collateralization of Bank Deposits	Not Repeated
	The Regional Office of Education No. 40 has entered into an agreement with the bank for the bank to monitor and adjust collateral balances as necessary.	
2018-004	Delay of Audit	Not Repeated
	During the current audit, the Regional Office of Education No. 40 was able to provide the financial statements and all necessary workpapers prior to the August 31 st deadline.	

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 449,990	\$ 23,204	\$ 473,194
Due from other governments	62,469	873	63,342
Internal balances	141	(141)	-
Total current assets	<u>512,600</u>	<u>23,936</u>	<u>536,536</u>
Noncurrent assets:			
Capital assets, net	17,879	-	17,879
Total assets	<u>530,479</u>	<u>23,936</u>	<u>554,415</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	178,848	1,514	180,362
Deferred outflows related to OPEB	59,149	4,406	63,555
Total deferred outflows of resources	<u>237,997</u>	<u>5,920</u>	<u>243,917</u>
LIABILITIES			
Current liabilities:			
Accounts payable	16,484	-	16,484
Due to other governments	3,307	-	3,307
Unearned revenue	7,092	-	7,092
Total current liabilities	<u>26,883</u>	<u>-</u>	<u>26,883</u>
Noncurrent liabilities:			
Net pension liability	176,376	2,620	178,996
OPEB liabilities	357,182	25,013	382,195
Total noncurrent liabilities	<u>533,558</u>	<u>27,633</u>	<u>561,191</u>
Total liabilities	<u>560,441</u>	<u>27,633</u>	<u>588,074</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	107,482	2,450	109,932
Deferred inflows related to OPEB	49,735	3,743	53,478
Total deferred inflows of resources	<u>157,217</u>	<u>6,193</u>	<u>163,410</u>
NET POSITION			
Net investment in capital assets	17,879	-	17,879
Restricted for educational purposes	153,772	-	153,772
Unrestricted	(120,833)	(3,970)	(124,803)
Total net position	<u>\$ 50,818</u>	<u>\$ (3,970)</u>	<u>\$ 46,848</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, 2019**

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	\$ 605,396	\$ -	\$ 488,600	\$ (116,796)	\$ -	\$ (116,796)
Benefits	82,009	-	48,530	(33,479)	-	(33,479)
Purchased services	230,571	-	172,470	(58,101)	-	(58,101)
Supplies and materials	22,913	-	22,052	(861)	-	(861)
Other	4,621	-	4,652	31	-	31
Depreciation	8,339	-	-	(8,339)	-	(8,339)
Pension expense	49,776	-	9,062	(40,714)	-	(40,714)
OPEB expense	36,518	-	757	(35,761)	-	(35,761)
Intergovernmental:						
Payments to other governments	6,000	-	5,000	(1,000)	-	(1,000)
Administrative:						
On-behalf payments - State	519,140	-	-	(519,140)	-	(519,140)
Total governmental activities	<u>1,565,283</u>	<u>-</u>	<u>751,123</u>	<u>(814,160)</u>	<u>-</u>	<u>(814,160)</u>
Business-type activities						
Instructional	79,018	87,840	-	-	8,822	8,822
Total primary government	<u>\$ 1,644,301</u>	<u>\$ 87,840</u>	<u>\$ 751,123</u>	<u>\$ (814,160)</u>	<u>8,822</u>	<u>\$ (805,338)</u>
General revenues:						
Local sources				195,545	-	195,545
On-behalf payments - State				519,140	-	519,140
Interest				1,835	-	1,835
Total general revenues				<u>716,520</u>	<u>-</u>	<u>716,520</u>
Change in net position				(97,640)	8,822	(88,818)
Net position - beginning of year				<u>148,458</u>	<u>(12,792)</u>	<u>135,666</u>
Net position - end of year				<u>\$ 50,818</u>	<u>\$ (3,970)</u>	<u>\$ 46,848</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**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>
ASSETS			
Cash and cash equivalents	\$ 294,765	\$ 9,533	\$ 115,777
Due from other funds	17,924	-	-
Due from other governments	41,379	21,090	-
	<u>384,068</u>	<u>30,623</u>	<u>115,777</u>
Total assets	<u>\$ 354,068</u>	<u>\$ 30,623</u>	<u>\$ 115,777</u>
LIABILITIES			
Accounts payable	\$ 15,031	\$ 1,453	\$ -
Due to other funds	-	17,783	-
Due to other governments	-	3,307	-
Unearned revenue	7,092	-	-
	<u>22,123</u>	<u>22,543</u>	<u>-</u>
Total liabilities	<u>22,123</u>	<u>22,543</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>13,590</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	8,080	115,777
Unassigned	331,945	(13,590)	-
	<u>331,945</u>	<u>(5,510)</u>	<u>115,777</u>
Total fund balances (deficits)	<u>331,945</u>	<u>(5,510)</u>	<u>115,777</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 354,068</u>	<u>\$ 30,623</u>	<u>\$ 115,777</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**

**BALANCE SHEET (Concluded)
GOVERNMENTAL FUNDS
June 30, 2019**

	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 29,915	\$ 449,990
Due from other funds	-	17,924
Due from other governments	-	62,469
	<u> </u>	<u> </u>
Total assets	<u>\$ 29,915</u>	<u>\$ 530,383</u>
LIABILITIES		
Accounts payable	\$ -	\$ 16,484
Due to other funds	-	17,783
Due to other governments	-	3,307
Unearned revenue	-	7,092
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>44,666</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	13,590
	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS)		
Restricted	29,915	153,772
Unassigned	-	318,355
	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>29,915</u>	<u>472,127</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 29,915</u>	<u>\$ 530,383</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, 2019**

Total fund balances - governmental funds		\$ 472,127
<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>		13,590
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		17,879
<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	\$ 237,997	
Deferred inflows of resources	<u>(157,217)</u>	80,780
<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		(176,376)
Net OPEB liability		<u>(357,182)</u>
Net position of governmental activities		<u><u>\$ 50,818</u></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, 2019**

	General Fund	Education Fund	Institute Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources	\$ 164,225	\$ 2,360	\$ 18,241
State sources	317,479	343,824	-
Federal sources	-	93,533	-
On-behalf payments	269,059	-	-
Interest	-	1,822	13
	<u> </u>	<u> </u>	<u> </u>
Total revenues	750,763	441,539	18,254
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
Instructional services:			
Salaries	370,393	235,003	-
Benefits	66,294	15,715	-
Purchased services	70,413	144,136	11,793
Supplies and materials	2,755	19,873	4
Other	-	4,621	-
Pension expense	16,736	8,432	-
OPEB expense	3,159	742	-
On-behalf payments	269,059	-	-
Intergovernmental:			
Payments to other governments	-	6,000	-
Capital outlay	-	2,000	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	798,809	436,522	11,797
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	(48,046)	5,017	6,457
Fund balances (deficits), beginning of year	<u> </u>	<u> </u>	<u> </u>
	379,991	(10,527)	109,320
Fund balances (deficits), end of year	<u> </u>	<u> </u>	<u> </u>
	\$ 331,945	\$ (5,510)	\$ 115,777

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, 2019**

	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:		
Local sources	\$ 10,719	\$ 195,545
State sources	1,285	662,588
Federal sources	-	93,533
On-behalf payments	-	269,059
Interest	-	1,835
	12,004	1,222,560
Expenditures:		
Instructional services:		
Salaries	-	605,396
Benefits	-	82,009
Purchased services	4,229	230,571
Supplies and materials	281	22,913
Other	-	4,621
Pension expense	-	25,168
OPEB expense	-	3,901
On-behalf payments	-	269,059
Intergovernmental:		
Payments to other governments	-	6,000
Capital outlay	930	2,930
	5,440	1,252,568
Total expenditures		
	6,564	(30,008)
Net change in fund balances		
Fund balances (deficits), beginning of year	23,351	502,135
Fund balances (deficits), end of year	\$ 29,915	\$ 472,127

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, 2019**

Net change in fund balances		\$ (30,008)
-----------------------------	--	-------------

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	\$ 2,930	
Depreciation expense	<u>(8,339)</u>	(5,409)

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	\$ 13,590	
Prior year unavailable revenue	<u>(18,588)</u>	(4,998)

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	\$ (24,608)	
OPEB expense	<u>(32,617)</u>	<u>(57,225)</u>

Change in net position of governmental activities		<u>\$ (97,640)</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 NET POSITION
PROPRIETARY FUNDS
June 30, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 23,204	\$ 23,204
Due from other governments	873	-	873
Total assets	<u>873</u>	<u>23,204</u>	<u>24,077</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,514	-	1,514
Deferred outflows related to OPEB	4,406	-	4,406
Total deferred outflows of resources	<u>5,920</u>	<u>-</u>	<u>5,920</u>
LIABILITIES			
Current liabilities:			
Due to other funds	141	-	141
Total current liabilities	<u>141</u>	<u>-</u>	<u>141</u>
Noncurrent liabilities:			
Net pension liability	2,620	-	2,620
Net OPEB liability	25,013	-	25,013
Total noncurrent liabilities	<u>27,633</u>	<u>-</u>	<u>27,633</u>
Total liabilities	<u>27,774</u>	<u>-</u>	<u>27,774</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,450	-	2,450
Deferred inflows related to OPEB	3,743	-	3,743
Total deferred inflows of resources	<u>6,193</u>	<u>-</u>	<u>6,193</u>
NET POSITION			
Unrestricted	<u>(27,174)</u>	<u>23,204</u>	<u>(3,970)</u>
Total net position	<u>\$ (27,174)</u>	<u>\$ 23,204</u>	<u>\$ (3,970)</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, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
Operating revenues:			
Charges for services	\$ 69,515	\$ 18,325	\$ 87,840
Operating expenses:			
Salaries	29,007	-	29,007
Benefits	387	-	387
Purchased services	43,249	10,348	53,597
Supplies and materials	344	1,008	1,352
Pension expense (benefit)	(1,419)	-	(1,419)
OPEB expense (benefit)	(4,310)	-	(4,310)
Depreciation	404	-	404
Total operating expenses	67,662	11,356	79,018
Operating income	1,853	6,969	8,822
Net position - beginning of year	(29,027)	16,235	(12,792)
Net position - end of year	\$ (27,174)	\$ 23,204	\$ (3,970)

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, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Workshops	Nonmajor Funds	Total Funds
Cash flows from operating activities:			
Collection of fees	\$ 69,515	\$ 18,325	\$ 87,840
Payments to suppliers and providers for goods and services	(45,429)	(11,356)	(56,785)
Payments to employees	(30,812)	-	(30,812)
Net cash provided by (used for) operating activities	(6,726)	6,969	243
Cash flows from noncapital financing activities:			
Interfund loans	141	-	141
Net cash provided by noncapital financing activities	141	-	141
Net increase (decrease) in cash and cash equivalents	(6,585)	6,969	384
Cash and cash equivalents - beginning of year	6,585	16,235	22,820
Cash and cash equivalents - end of year	\$ -	\$ 23,204	\$ 23,204
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income	\$ 1,853	\$ 6,969	\$ 8,822
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	404	-	404
Increase in due from other governments	(873)	-	(873)
Increase in deferred outflows	(991)	-	(991)
Decrease in accounts payable	(1,836)	-	(1,836)
Increase in net pension liability	129	-	129
Decrease in net OPEB liability	(2,885)	-	(2,885)
Decrease in deferred inflows	(2,527)	-	(2,527)
Net cash provided by (used for) operating activities	\$ (6,726)	\$ 6,969	\$ 243

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, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,460
Due from other governments	<u>1,117,740</u>
Total assets	<u>\$ 1,119,200</u>
LIABILITIES	
Due to other governments	<u>\$ 1,119,200</u>
Total liabilities	<u>\$ 1,119,200</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 or donor restrictions: Institute Fund, Adult Education - State Performance, Regional Safe Schools, Teen Parent Services, Bus Driver Permit Fund, and General Education Development Fund.

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-Federal Basic, and Adult Education-State Basic.

E. New Accounting Pronouncements

In 2019, the Regional Office of Education No. 40 implemented Governmental Accounting Standards Board (GASB) Statement No. 83 – *Certain Asset Retirement Obligations* and GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. These statements had no impact on the Regional Office of Education No. 40's financial statements.

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, 2019, the carrying amount of the Regional Office of Education No. 40's deposits for the governmental activities, business-type activities, and fiduciary funds were \$449,840, \$23,204, and \$1,460, respectively. The bank balances for the governmental activities, business-type activities, and fiduciary funds totaled \$589,422 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 40's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds accounts had a total carrying amount of \$150 and bank balance of \$5,508 for the governmental activities at June 30, 2019. This amount is fully collateralized and not subject to credit risk.

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2019, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 17,924	\$ -
Education Fund	-	17,783
Workshops	-	141
Totals	\$ 17,924	\$ 17,924

At June 30, 2019, 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 and Workshops 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, 2019, the Regional Office of Education No. 40's General Fund, Education Fund, Workshops Fund and Agency Funds had amounts due to and due from various other governmental units which consisted of the following:

Due from Other Governments:

Governmental Funds

General Fund:

Teachers' Retirement System of the State of Illinois	\$ 589
Local Governments	40,790
	41,379

Education Fund:

Illinois Community College Board	13,590
Illinois State Board of Education	7,500
	21,090
	\$ 62,469

Workshops Fund:

Teachers' Retirement System of the State of Illinois	\$ 873

Agency Funds:

Local Governments	\$ 1,117,740

Due to Other Governments:

Education Fund:

Illinois Community College Board	\$ 3,307

Agency Funds:

Local Governments	\$ 1,119,200

**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, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 211,733	\$ 2,930	\$ -	\$ 214,663
Less accumulated depreciation for:				
Equipment	<u>(188,445)</u>	<u>(8,339)</u>	<u>-</u>	<u>(196,784)</u>
Governmental activities capital assets, net	<u>\$ 23,288</u>	<u>\$ (5,409)</u>	<u>\$ -</u>	<u>\$ 17,879</u>
 Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 6,621	\$ -	\$ -	\$ 6,621
Less accumulated depreciation for:				
Equipment	<u>(6,217)</u>	<u>(404)</u>	<u>-</u>	<u>(6,621)</u>
Business-type activities capital assets, net	<u>\$ 404</u>	<u>\$ (404)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:	
Instructional services	<u>\$ 8,339</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/fy2018>; 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, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on

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)

Benefits Provided (Continued)

June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the State of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 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, 2019, 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 \$225,175 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019, were \$2,319, and are deferred because they were paid after the June 30, 2018 measurement date.

Federal and special trust fund contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 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. Since these contributions are normal cost contributions, which are considered employer specific liability contributions under GASB 68, the “federal funds” contributions are no longer includable for purposes of allocating collective pension amounts.

**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)

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. Any change in proportionate share resulting from this statutory change for individual employers will be recognized and amortized over the remaining service lives of all members beginning in fiscal year 2018.

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$1,959 were paid from federal and special trust funds that required employer contributions of \$193.

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 granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, the Regional Office of Education No. 40 will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the Regional Office of Education No. 40 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent, for salary increases in excess of 3 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, 2019, 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	\$ 34,999
State's proportionate share of the net pension liability associated with the employer	2,397,609
Total	<u>\$ 2,432,608</u>

**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)

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The Regional Office of Education No. 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, 2018, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2018, the Regional Office of Education No. 40's proportion was 0.0000449028 percent, which was an increase of 0.0000086734 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Regional Office of Education No. 40 recognized pension expense of \$225,175 and revenue of \$225,175 for support provided by the State. For the year ended June 30, 2019, the Regional Office of Education No. 40 recognized a pension benefit of \$3,802. At June 30, 2019, 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	\$ 703	\$ 8
Net difference between projected and actual earnings on pension plan investments	-	107
Changes of assumptions	1,535	992
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>16,885</u>	<u>36,323</u>
 Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	 19,123	 37,430
 Employer Contributions Made Subsequent to the Measurement Date	 <u>2,319</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 21,442</u>	 <u>\$ 37,430</u>

**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)

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

\$2,319 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred (Inflows)/Outflows of Resources
2020	\$ (13,782)
2021	(234)
2022	(4,987)
2023	147
2024	549
Total	\$ (18,307)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U.S. bonds high yield	4.2%	4.4%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Real return	4.0%	1.8%
Absolute return	14.0%	3.9%
Private Equity	15.0%	10.2%
Total	<u>100.0%</u>	

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments 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.

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.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 42,924	\$ 34,999	\$ 28,618

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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
REGIONAL OFFICE OF EDUCATION NO. 40**

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, 2018, 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	<u>9</u>
 Total	 <u><u>35</u></u>

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 2018 was 12.30%. For the fiscal year 2019, the Regional Office of Education No. 40 contributed \$23,869 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
REGIONAL OFFICE OF EDUCATION NO. 40**

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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation 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, 2018:

**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%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	
Private Equity		8.50%
Hedge Funds		5.50%
Commodities		3.20%
Cash Equivalents	1%	2.50%
Total	100%	

Single Discount Rate

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

1. The long-term expected rate of return on pension plan investments (during the period in which 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 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 this valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

**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)

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, 2017	\$ 1,119,596	\$ 1,130,734	\$ (11,138)
Changes for the year:			
Service Cost	17,709		17,709
Interest	82,276		82,276
Difference between expected and actual experience of the total pension liability	16,337		16,337
Changes of assumptions	31,273		31,273
Contributions- employer		27,128	(27,128)
Contributions-employees		9,925	(9,925)
Net investment income		(43,765)	43,765
Benefit payments, including refunds of employee contributions	(64,402)	(64,402)	-
Other (Net Transfer)		(828)	828
Net Changes	<u>83,193</u>	<u>(71,942)</u>	<u>155,135</u>
Balance, December 31, 2018	<u>\$ 1,202,789</u>	<u>\$ 1,058,792</u>	<u>\$ 143,997</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 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	<u>\$ 286,210</u>	<u>\$ 143,997</u>	<u>\$ 27,724</u>

**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)

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

For the year ended June 30, 2019, the Regional Office of Education No. 40 recognized pension expense of \$52,159. At June 30, 2019, 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	\$ 12,021	\$ -
Net difference between projected and actual earnings on pension plan investments	119,123	67,397
Changes of assumptions	<u>17,676</u>	<u>5,105</u>
 Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	 148,820	 72,502
 Pension Contributions Made Subsequent to the Measurement Date	 <u>10,100</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u><u>\$ 158,920</u></u>	 <u><u>\$ 72,502</u></u>

**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)

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

\$10,100 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 37,098
2020	8,497
2021	5,049
2022	<u>25,674</u>
Total	<u>\$ 76,318</u>

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.

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 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, 2019, 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 \$24,906 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 0.92 percent during the year ended June 30, 2019, 0.88 percent for the year ended June 30, 2018, and 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2019, the Regional Office of Education No. 40 paid \$3,678 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and 2017, the Regional Office of Education No. 40 paid \$2,829 and \$2,308 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."

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)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, 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 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.36% is added to non-Medicare costs on and after 2022 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Single Discount Rate

Projected benefit payments were 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, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018. The increase in the single discount rate from 3.56 percent to 3.62 percent caused the total OPEB liability to decrease from 2017 to 2018.

**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)

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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.62%</u>	<u>3.62%</u>	<u>4.62%</u>
Employer's proportionate share of the collective net OPEB liability	<u>\$ 429,552</u>	<u>\$ 357,332</u>	<u>\$ 300,174</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, 2018, 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 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease^a	Healthcare Cost Trend Rates	1% Increase^b
Employer's proportionate share of the collective net OPEB liability	<u>\$ 289,672</u>	<u>\$ 357,332</u>	<u>\$ 448,294</u>

^a One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

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, 2019, the Regional Office of Education No. 40 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 40. The amount recognized by the Regional Office of Education No. 40 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education No. 40 were as follow:

Employer's proportionate share of the collective net OPEB liability	\$ 357,332
State's proportionate share of the collective net OPEB liability associated with the employer	<u>479,749</u>
Total	<u>\$ 837,081</u>

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017, and was rolled forward to the June 30, 2018 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, 2018, the Regional Office of Education No. 40's proportion was 0.001356 percent, which was an increase of 0.000162 from its proportion measured as of June 30, 2017 (0.001194 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2019, the Regional Office of Education No. 40 recognized OPEB expense of \$24,906 and revenue of \$24,906 for support provided by the State. For the year ending June 30, 2019, the Regional Office of Education No. 40 recognized OPEB expense of \$28,547. At June 30, 2019, 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	\$ -	\$ 1,282
Changes of assumptions	-	52,034
Net difference between projected and actual earnings on OPEB investments	-	11
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,261	151
Employer contributions subsequent to the measurement date	<u>3,678</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 62,939</u>	<u>\$ 53,478</u>

\$3,678 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, 2020. 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 Outflows of Resources</u>
2020	\$ 895
2021	895
2022	895
2023	895
2024	895
Thereafter	<u>1,308</u>
Total	<u>\$ 5,783</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, 2018, 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, 2019 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 \$1,081 from other Regional Office of Education No. 40 resources and benefit payments of \$1,081 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.

Total 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, 2019 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% for beginning of year and 3.50% for end of year.
- 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% for beginning of year and 3.50% for end of year.
- 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 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 Total OPEB Liability

	Total OPEB Liability
Balance, July 1, 2018	\$ 21,667
Changes for the period:	
Service Cost	2,806
Interest	818
Actuarial Experience	-
Assumptions Changes	653
Plan Changes	-
Contributions- employer	-
Contributions-employee	-
Net investment income	-
Benefit payments	(1,081)
Administrative Expense	-
Net Changes	3,196
Balance, June 30, 2019	\$ 24,863

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with 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 assets 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 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

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 3.50%, 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 (4.50%) or 1-percentage-point lower (2.50%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Employer Total OPEB Liability	<u>\$ 26,900</u>	<u>\$ 24,863</u>	<u>\$ 23,190</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)

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Employer's Total OPEB Liability	<u>\$ 22,411</u>	<u>\$ 24,863</u>	<u>\$ 27,835</u>

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

For the year ending June 30, 2019, the Regional Office of Education No. 40 recognized OPEB expense of \$3,661. At June 30, 2019, 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	616	-
Net difference between projected and actual earnings on OPEB investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total Deferred Amounts Related to OPEB	<u>\$ 616</u>	<u>\$ -</u>

Contributions subsequent to the measurement date may be recognized as a reduction to the total 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>
2020	\$ 37
2021	37
2022	37
2023	37
2024	37
Thereafter	431
Total	<u>\$ 616</u>

**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 June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due Within One Year
Net pension liability - TRS	\$ 27,679	\$ 7,320	\$ -	\$ 34,999	\$ -
Net pension liability (asset) - IMRF	(11,138)	155,135		143,997	-
Net OPEB liability - THIS	309,981	47,351	-	357,332	-
OPEB liabilities - Health Insurance	21,667	3,196	-	24,863	-
Total long-term liabilities	\$ 348,189	\$213,002	\$ -	\$ 561,191	\$ -

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	\$ 112,512
Regional Superintendent - benefits (includes State paid insurance)	20,755
Assistant Regional Superintendent - salary	101,256
Assistant Regional Superintendent - benefits (includes State paid insurance)	34,536
	\$ 269,059

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 \$225,175 (based on figures for the fiscal year ended June 30, 2018) 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 \$24,906 for their share of the Teacher's Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities. 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.

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

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS (Continued)

State of Illinois on-behalf payments	\$ 269,059
On-behalf payments for the Regional Office of Education's share of TRS pension expense	225,175
On-behalf payments for the Regional Office of Education's share of THIS OPEB expense	<u>24,906</u>
Total	<u>\$ 519,140</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.

15. DEFICIT FUND BALANCES

The following individual funds had negative fund balances as of June 30, 2019:

Administrative	\$ (1,282)
Adult Education - Federal Basic	(9,412)
Adult Education - State Basic	(4,178)

The deficit fund balances will be eliminated during the fiscal year ending June 30, 2020 by transferring funds to reduce these deficit fund balances and by recognizing unavailable revenues at June 30, 2019 as revenue.

**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, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended
December 31, 2018, 2017, 2016, 2015, and 2014)**

Total Pension Liability	2018	2017	2016	2015	2014
Service cost	\$ 17,709	\$ 18,275	\$ 20,135	\$ 20,012	\$ 23,686
Interest on the total pension liability	82,276	81,102	70,529	70,881	64,919
Difference between expected and actual experience of the total pension liability	16,337	19,999	112,218	(55,660)	(15,388)
Changes of assumptions	31,273	(36,631)	-	-	35,418
Benefit payments, including refunds of employee contributions	(64,402)	(69,229)	(52,725)	(27,248)	(28,115)
Net change in total pension liability	83,193	13,516	150,157	7,985	80,520
Total pension liability - beginning	1,119,596	1,106,080	955,923	947,938	867,418
Total pension liability - ending (A)	1,202,789	1,119,596	1,106,080	955,923	947,938
Plan Fiduciary Net Position					
Contributions - employer	27,128	11,042	16,093	17,857	30,180
Contributions - employees	9,925	8,465	8,155	8,998	9,879
Net investment income	(43,765)	169,558	85,206	(10,160)	51,159
Benefit payments, including refunds of employee contributions	(64,402)	(69,229)	(52,725)	(27,248)	(28,115)
Other (net transfer)	(828)	(913)	(1,246)	1,428	(675)
Net change in plan fiduciary net position	(71,942)	118,923	55,483	(9,125)	62,428
Plan fiduciary net position - beginning	1,130,734	1,011,811	956,328	965,453	903,025
Plan fiduciary net position - ending (B)	1,058,792	1,130,734	1,011,811	956,328	965,453
Net pension liability/(asset) - ending (A)-(B)	\$ 143,997	\$ (11,138)	\$ 94,269	\$ (405)	\$ (17,515)
Plan Fiduciary Net Position as a Percentage					
of the Total Pension Liability	88.03%	100.99%	91.48%	100.04%	101.85%
Covered Payroll	\$ 220,557	\$ 188,102	\$ 181,224	\$ 199,967	\$ 219,532
Net Pension Liability as a Percentage					
of Covered Payroll	65.29%	-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, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended
December 31, 2018, 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%
2018	27,128	27,128	-	220,557	12.30%

Notes to Schedule:

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate*

Valuation Date:

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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	25-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate
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, 2019, 2018, 2017, 2016, and 2015
(Amounts presented are for the calendar years ended
December 31, 2018, 2017, 2016, 2015, and 2014)

Methods and Assumptions Used to Determine 2018 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, 2016, 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, 2019, 2018, 2017, 2016, and 2015)
(Amounts presented are for the years ended June 30, 2018, 2017, 2016, 2015, and 2014)**

	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0000449028%	0.0000362294%	0.0000873035%	0.0000483380%	0.0001700755%
Employer's proportionate share of the net pension liability	\$ 34,999	\$ 27,679	\$ 68,914	\$ 31,666	\$ 103,505
State's proportionate share of the net pension liability associated with the employer	2,397,609	2,034,514	1,994,848	1,323,866	1,566,428
Total	\$ 2,432,608	\$ 2,062,193	\$ 2,063,762	\$ 1,355,532	\$ 1,669,933
Employer's covered payroll	\$ 321,528	\$ 274,783	\$ 275,424	\$ 211,946	\$ 299,998
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.9%	10.1%	25.0%	14.9%	34.5%
Plan fiduciary net position as a percentage of the total pension liability	40.0%	39.3%	36.4%	41.5%	43.0%

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

Notes to Schedules:

Changes of assumptions

For the 2018, 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

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

**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,

	2019	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 2,319	\$ 4,003	\$ 1,594	\$ 3,256	\$ 1,694	\$ 6,084
Contributions in relation to the statutorily-required contribution	2,319	4,003	1,594	3,256	1,694	6,068
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 16</u>				
Employer's covered payroll	\$ 399,745	\$ 321,528	\$ 274,783	\$ 275,424	\$ 211,946	\$ 299,998
Contributions as a percentage of covered payroll	0.6%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 3,678	\$ 2,829	\$ 2,308	\$ 1,978
Contributions in relation to the statutorily-required contribution	<u>3,678</u>	<u>2,829</u>	<u>2,308</u>	<u>1,978</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Employer's covered payroll	 \$ 399,745	 \$ 321,528	 \$ 274,783	 \$ 275,424
Contributions as a percentage of covered payroll	0.9%	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, 2019, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.001356%	0.001194%	0.001102%
Employer's proportionate share of the collective net OPEB liability	\$ 357,332	\$ 309,981	\$ 301,268
State's proportionate share of the collective net OPEB liability associated with the employer	<u>479,749</u>	<u>\$ 407,023</u>	<u>\$ 417,739</u>
Total	<u>\$ 837,081</u>	<u>\$ 717,004</u>	<u>\$ 719,007</u>
Employer's covered payroll	\$ 321,528	\$ 274,783	\$ 275,424
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	111.14%	112.81%	109.38%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%	-0.22%

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

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

For the 2018 and 2017 measurement years, the assumed investment rate of return was 0.0 percent, including an inflation rate of 2.75 percent. Salary increases were assumed to depend on service and range from 9.25 percent at 1 year of service to 3.25 percent at 20 or more years of service. Salary increase includes a 3.25 percent wage inflation assumption.

**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, 2019 and 2018

	2019	2018
Actuarially Determined Contribution	N/A	N/A
Contributions in relation to the		
Actuarially Determined Contribution	-	-
Contribution deficiency (excess)	N/A	N/A
 Employer's covered employee payroll	 \$ 731,979	 \$ 462,599
Contributions as a percentage of		
covered employee payroll	0.0%	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 \$1,081.

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 TOTAL OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)
For the year ended June 30, 2019 and 2018**

	2019	2018
Total OPEB Liability		
Service cost	\$ 2,806	\$ 2,701
Interest on the total OPEB liability	818	724
Changes in benefit terms	-	-
Differences between expected and actual experience of the total OPEB liability	-	-
Changes of assumptions	653	-
Benefit payments	(1,081)	(921)
Net change in total OPEB liability	3,196	2,504
Total OPEB liability - beginning	21,667	19,163
Total OPEB liability - ending	\$ 24,863	\$ 21,667
Covered Payroll	\$ 731,979	\$ 462,599
Total OPEB Liability as a Percentage of Covered Payroll	3.40%	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.

Changes to Benefit Terms

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

Changes in Assumptions

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.87% to 3.50% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Regional Office of Education No. 40 does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the total OPEB liability was also changed from 3.87% to 3.50%.

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2019**

	Administrative	Alternative Schools Fund	Direct Services	General State Aid
ASSETS				
Cash and cash equivalents	\$ -	\$ 92,434	\$ 3,940	\$ 102,636
Due from other funds	-	-	-	19,092
Due from other governments	589	-	-	-
	<u>589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 589</u>	<u>\$ 92,434</u>	<u>\$ 3,940</u>	<u>\$ 121,728</u>
 LIABILITIES				
Accounts payable	\$ 703	\$ -	\$ 10	\$ 14,312
Due to other funds	1,168	-	-	-
Unearned revenue	-	-	-	-
	<u>1,871</u>	<u>-</u>	<u>10</u>	<u>14,312</u>
Total liabilities	<u>1,871</u>	<u>-</u>	<u>10</u>	<u>14,312</u>
 FUND BALANCES				
Unassigned	<u>(1,282)</u>	<u>92,434</u>	<u>3,930</u>	<u>107,416</u>
Total liabilities and fund balances	<u>\$ 589</u>	<u>\$ 92,434</u>	<u>\$ 3,940</u>	<u>\$ 121,728</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2019**

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 42,605	\$ 36,579	\$ 16,571	\$ -	\$ 294,765
Due from other funds	-	-	-	(1,168)	17,924
Due from other governments	710	40,080	-	-	41,379
Total assets	\$ 43,315	\$ 76,659	\$ 16,571	\$ (1,168)	\$ 354,068
LIABILITIES					
Accounts payable	\$ -	\$ 6	\$ -	\$ -	\$ 15,031
Due to other funds	-	-	-	(1,168)	-
Unearned revenue	7,092	-	-	-	7,092
Total liabilities	7,092	6	-	(1,168)	22,123
FUND BALANCES					
Unassigned	36,223	76,653	16,571	-	331,945
Total liabilities and fund balances	\$ 43,315	\$ 76,659	\$ 16,571	\$ (1,168)	\$ 354,068

**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, 2019**

	Administrative	Alternative Schools Fund	Direct Services	General State Aid
Revenues:				
Local sources	\$ 50	\$ -	\$ 24,213	\$ 5,650
State sources	-	52,898	-	264,581
On-behalf payments	269,059	-	-	-
Total revenues	269,109	52,898	24,213	270,231
Expenditures:				
Instructional services:				
Salaries	-	25,759	5,511	265,387
Benefits	-	1,875	842	35,766
Purchased services	2,439	8,307	14,154	43,904
Supplies and materials	-	694	63	1,788
Pension expense	68	1,730	835	7,193
OPEB expense	19	147	-	2,993
On-behalf payments	269,059	-	-	-
Total expenditures	271,585	38,512	21,405	357,031
Net change in fund balances	(2,476)	14,386	2,808	(86,800)
Fund balances, beginning of year	1,194	78,048	1,122	194,216
Fund balances, end of year	\$ (1,282)	\$ 92,434	\$ 3,930	\$ 107,416

**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, 2019**

	Jerseyville Office Account	Macoupin County Monies	Regional Initiative	Total
Revenues:				
Local sources	\$ 68,798	\$ 65,514	\$ -	\$ 164,225
State sources	-	-	-	317,479
On-behalf payments	-	-	-	269,059
	<u>68,798</u>	<u>65,514</u>	<u>-</u>	<u>750,763</u>
Total revenues				
Expenditures:				
Instructional services:				
Salaries	36,981	36,755	-	370,393
Benefits	24,208	3,603	-	66,294
Purchased services	684	925	-	70,413
Supplies and materials	68	142	-	2,755
Pension expense	3,049	3,861	-	16,736
OPEB expense	-	-	-	3,159
On-behalf payments	-	-	-	269,059
	<u>64,990</u>	<u>45,286</u>	<u>-</u>	<u>798,809</u>
Total expenditures				
Net change in fund balance	3,808	20,228	-	(48,046)
Fund balances, beginning of year	<u>32,415</u>	<u>56,425</u>	<u>16,571</u>	<u>379,991</u>
Fund balances, end of year	<u>\$ 36,223</u>	<u>\$ 76,653</u>	<u>\$ 16,571</u>	<u>\$ 331,945</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2019**

	Adult Education Programs	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services
ASSETS				
Cash and cash equivalents	\$ 2	\$ 295	\$ 1,039	\$ 7,844
Due from other governments	13,590	-	-	-
Total assets	\$ 13,592	\$ 295	\$ 1,039	\$ 7,844
 LIABILITIES				
Accounts payable	\$ -	\$ 61	\$ 1,039	\$ -
Due to other funds	10,283	-	-	-
Due to other governments	3,307	-	-	-
Total liabilities	13,590	61	1,039	-
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	13,590	-	-	-
 FUND BALANCES (DEFICITS)				
Restricted	2	234	-	7,844
Unassigned	(13,590)	-	-	-
Total fund balances (deficits)	(13,588)	234	-	7,844
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 13,592	\$ 295	\$ 1,039	\$ 7,844

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2019**

	Title I System of Support	Truants Alternative/ Optional Education	Title II Teacher Quality Leadership	Learning Technology Center	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 353	\$ -	\$ -	\$ 9,533
Due from other governments	-	-	-	7,500	21,090
Total assets	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 30,623</u>
LIABILITIES					
Accounts payable	\$ -	\$ 353	\$ -	\$ -	\$ 1,453
Due to other funds	-	-	-	7,500	17,783
Due to other governments	-	-	-	-	3,307
Total liabilities	<u>-</u>	<u>353</u>	<u>-</u>	<u>7,500</u>	<u>22,543</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	13,590
FUND BALANCES (DEFICITS)					
Restricted	-	-	-	-	8,080
Unassigned	-	-	-	-	(13,590)
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,510)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 30,623</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, 2019**

	Adult Education Programs	Regional Safe Schools	ROE/ISC Operations	Teen Parent Services
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 2,360
State sources	62,475	63,851	112,674	-
Federal sources	20,023	-	-	-
Interest	-	-	1,822	-
Total revenues	82,498	63,851	114,496	2,360
Expenditures:				
Instructional services:				
Salaries	69,318	43,805	57,895	-
Benefits	5,059	876	5,907	-
Purchased services	2,855	8,629	39,464	1,914
Supplies and materials	6,205	7,327	4,514	-
Other	-	-	4,621	-
Pension expense	2,311	670	2,725	-
OPEB expense	252	310	157	-
Intergovernmental:				
Payments to other governments	-	-	-	-
Capital outlay	-	2,000	-	-
Total expenditures	86,000	63,617	115,283	1,914
Net change in fund balances	(3,502)	234	(787)	446
Fund balances (deficits), beginning of year	(10,086)	-	787	7,398
Fund balances (deficits), end of year	<u>\$ (13,588)</u>	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ 7,844</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, 2019**

	Title I System of Support	Truants Alternative/ Optional Education	Title II Teacher Quality Leadership	Learning Technology Center	Total
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,360
State sources	-	104,824	-	-	343,824
Federal sources	56,560	-	1,950	15,000	93,533
Interest	-	-	-	-	1,822
Total revenues	56,560	104,824	1,950	15,000	441,539
Expenditures:					
Instructional services:					
Salaries	3,625	59,485	-	875	235,003
Benefits	-	3,837	-	36	15,715
Purchased services	51,176	32,648	950	6,500	144,136
Supplies and materials	759	1,068	-	-	19,873
Other	-	-	-	-	4,621
Pension expense	-	2,637	-	89	8,432
OPEB expense	-	23	-	-	742
Intergovernmental:					
Payments to other governments	1,000	5,000	-	-	6,000
Capital outlay	-	-	-	-	2,000
Total expenditures	56,560	104,698	950	7,500	436,522
Net change in fund balances	-	126	1,000	7,500	5,017
Fund balances (deficits), beginning of year	-	(126)	(1,000)	(7,500)	(10,527)
Fund balances (deficits), end of year	\$ -	\$ -	\$ -	\$ -	\$ (5,510)

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

**COMBINING SCHEDULE OF ACCOUNTS
ADULT EDUCATION PROGRAMS
June 30, 2019**

	Federal Basic	State Basic	State Performance	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 2	\$ 2
Due from other governments	9,412	4,178	-	13,590
Total assets	\$ 9,412	\$ 4,178	\$ 2	\$ 13,592
 LIABILITIES				
Due to other funds	\$ 9,412	\$ 871	\$ -	\$ 10,283
Due to other governments	-	3,307	-	3,307
Total liabilities	9,412	4,178	-	13,590
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	9,412	4,178	-	13,590
 FUND BALANCES (DEFICITS)				
Restricted	-	-	2	2
Unassigned	(9,412)	(4,178)	-	(13,590)
Total fund balances (deficits)	(9,412)	(4,178)	2	(13,588)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 9,412	\$ 4,178	\$ 2	\$ 13,592

**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, 2019**

	<u>Federal Basic</u>	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Revenues:				
State sources	\$ -	\$ 44,304	\$ 18,171	\$ 62,475
Federal sources	20,023	-	-	20,023
Total revenues	<u>20,023</u>	<u>44,304</u>	<u>18,171</u>	<u>82,498</u>
Expenditures				
Instructional services:				
Salaries	26,322	31,248	11,748	69,318
Benefits	383	2,003	2,673	5,059
Purchased services	1,355	1,394	106	2,855
Supplies and materials	1,343	4,815	47	6,205
Pension expense	32	2,221	58	2,311
OPEB expense	-	99	153	252
Total expenditures	<u>29,435</u>	<u>41,780</u>	<u>14,785</u>	<u>86,000</u>
Net change in fund balances	(9,412)	2,524	3,386	(3,502)
Fund balances (deficits), beginning of year	<u>-</u>	<u>(6,702)</u>	<u>(3,384)</u>	<u>(10,086)</u>
Fund balances (deficits), end of year	<u>\$ (9,412)</u>	<u>\$ (4,178)</u>	<u>\$ 2</u>	<u>\$ (13,588)</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, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 29,435	\$ 29,435	\$ 20,023
Expenditures:			
Instructional services:			
Salaries	23,691	23,691	26,322
Benefits	4,117	4,117	383
Purchased services	-	-	1,355
Supplies and materials	1,627	1,627	1,343
Pension expense	-	-	32
Total expenditures	29,435	29,435	29,435
Net change in fund balance	\$ -	\$ -	(9,412)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (9,412)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC
Fiscal Year 2019 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 41,780	\$ 41,780	\$ 37,602
Expenditures:			
Instructional services:			
Salaries	31,826	31,754	31,248
Benefits	5,613	5,564	2,003
Purchased services	2,310	2,310	1,394
Supplies and materials	2,031	2,152	4,815
Pension expense	-	-	2,221
OPEB expense	-	-	99
Total expenditures	41,780	41,780	41,780
Net change in fund balance	\$ -	\$ -	(4,178)
Fund balance, July 1, 2018			-
Fund balance (deficit), end of year			\$ (4,178)

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC
Fiscal Year 2018 Grant
For the year ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 43,210	\$ 43,210	\$ 6,702
Expenditures:			
Instructional services:			
Salaries	25,100	35,156	-
Benefits	4,200	3,400	-
Purchased services	2,454	2,154	-
Supplies and materials	11,456	2,500	-
Total expenditures	43,210	43,210	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,702
Fund balance (deficit), beginning of year			<u>(6,702)</u>
Fund balance, July 1, 2018			<u>\$ -</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE PERFORMANCE
Fiscal Year 2019 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 14,785	\$ 14,785	\$ 14,785
Expenditures:			
Instructional services:			
Salaries	12,124	12,124	11,748
Benefits	2,661	2,661	2,673
Purchased services	-	-	106
Supplies and materials	-	-	47
Pension expense	-	-	58
OPEB expense	-	-	153
Total expenditures	14,785	14,785	14,785
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2018			2
Fund balance, end of year			\$ 2

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE PERFORMANCE
Fiscal Year 2018 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 20,315	\$ 20,315	\$ 3,386
Expenditures:			
Instructional services:			
Salaries	17,165	17,165	-
Benefits	1,650	1,350	-
Purchased services	1,500	1,500	-
Supplies and materials	-	300	-
	-	300	-
Total expenditures	20,315	20,315	-
Net change in fund balance	\$ -	\$ -	3,386
Fund balance (deficit), beginning of year			(3,384)
Fund balance, July 1, 2018			\$ 2

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 63,556	\$ 63,556	\$ 63,851
Expenditures:			
Instructional services:			
Salaries	43,557	43,557	43,805
Benefits	1,148	1,148	876
Purchased services	10,138	10,138	8,629
Supplies and materials	6,713	6,713	7,327
Pension expense	-	-	670
OPEB expense	-	-	310
Capital outlay	2,000	2,000	2,000
Total expenditures	63,556	63,556	63,617
Net change in fund balance	\$ -	\$ -	234
Fund balance, beginning of year			-
Fund balance, end of year			\$ 234

Note: Actual revenues exceeded budgeted revenues due to the Regional Office of Education No. 40 recognizing revenues from the Fiscal Year 2017 Regional Safe Schools Grant that were recorded in previous years as unearned revenues.

**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, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 112,405	\$ 112,405	\$ 112,674
Interest	-	-	1,822
Total revenues	112,405	112,405	114,496
Expenditures:			
Instructional services:			
Salaries	56,671	56,671	57,895
Benefits	10,200	10,200	5,907
Purchased services	37,815	37,815	39,464
Supplies and materials	3,719	3,719	4,514
Other	4,000	4,000	4,621
Pension expense	-	-	2,725
OPEB expense	-	-	157
Total expenditures	112,405	112,405	115,283
Net change in fund balance	\$ -	\$ -	(787)
Fund balance, beginning of year			787
Fund balance (deficit), end of year			\$ -

Note: State revenues include ROE/ISC Operations grant revenue of \$112,405 and an allocation of \$269 from general state aid monies.

**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, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 95,000	\$ 121,000	\$ 56,560
Expenditures:			
Instructional services:			
Salaries	48,150	22,818	3,625
Benefits	4,132	882	-
Purchased services	40,343	94,925	51,176
Supplies and materials	2,375	2,375	759
Intergovernmental:			
Payments to other governments	-	-	1,000
Total expenditures	95,000	121,000	56,560
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
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 104,599	\$ 104,599	\$ 104,824
Expenditures:			
Instructional services:			
Salaries	57,837	57,837	59,485
Benefits	9,287	9,287	3,837
Purchased services	31,475	31,475	32,648
Supplies and materials	1,000	1,000	1,068
Pension expense	-	-	2,637
OPEB expense	-	-	23
Intergovernmental:			
Payments to other governments	5,000	5,000	5,000
Total expenditures	104,599	104,599	104,698
Net change in fund balance	\$ -	\$ -	126
Fund balance (deficit), beginning of year			(126)
Fund balance (deficit), end of year			\$ -

Note: State revenues include Truants Alternative/Optional Education grant revenue of \$104,599 and an allocation of \$225 from general state aid monies.

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP
Fiscal Year 2019 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 982	\$ 982	\$ 950
Expenditures:			
Instructional services:			
Salaries	100	100	-
Benefits	32	32	-
Purchased services	850	850	950
Total expenditures	982	982	950
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2018			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP
Fiscal Year 2018 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,227	\$ 1,227	\$ 1,000
Expenditures:			
Instructional services:			
Salaries	100	100	-
Benefits	20	20	-
Purchased services	1,107	1,107	-
Total expenditures	1,227	1,227	-
Net change in fund balance	\$ -	\$ -	1,000
Fund balance (deficit), beginning of year			(1,000)
Fund balance, July 1, 2018			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
LEARNING TECHNOLOGY CENTER
Fiscal Year 2019 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 7,500	\$ 7,500	\$ 7,500
Expenditures:			
Instructional services:			
Salaries	885	885	875
Benefits	-	-	36
Purchased services	6,615	6,615	6,500
Pension expense	-	-	89
Total expenditures	7,500	7,500	7,500
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2018			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
LEARNING TECHNOLOGY CENTER
Fiscal Year 2018 Grant
For the year ended June 30, 2019**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 7,500	\$ 7,500	\$ 7,500
Expenditures:			
Instructional services:			
Salaries	1,867	1,867	-
Benefits	133	133	-
Purchased services	5,500	5,500	-
Total expenditures	7,500	7,500	-
Net change in fund balance	\$ -	\$ -	7,500
Fund balance (deficit), beginning of year			(7,500)
Fund balance, July 1, 2018			\$ -

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019**

	Bus Driver Permit Fund	General Education Development Fund	Total
ASSETS			
Cash and cash equivalents	\$ 14,923	\$ 14,992	\$ 29,915
Total assets	\$ 14,923	\$ 14,992	\$ 29,915
 LIABILITIES			
	\$ -	\$ -	\$ -
 FUND BALANCES			
Restricted	14,923	14,992	29,915
Total liabilities and fund balances	\$ 14,923	\$ 14,992	\$ 29,915

**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, 2019**

	Bus Driver Permit Fund	General Education Development Fund	Total
Revenues:			
Local sources	\$ 3,540	\$ 7,179	\$ 10,719
State sources	1,285	-	1,285
Total revenues	4,825	7,179	12,004
Expenditures:			
Instructional services:			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased services	2,448	1,781	4,229
Supplies and materials	184	97	281
Capital outlay	-	930	930
Total expenditures	2,632	2,808	5,440
Net change in fund balances	2,193	4,371	6,564
Fund balances, beginning of year	12,730	10,621	23,351
Fund balances, end of year	\$ 14,923	\$ 14,992	\$ 29,915

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

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2019**

	<u>Administrators' Academy</u>	<u>Olympiad Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 319	\$ 22,885	\$ 23,204
Total assets	<u>319</u>	<u>22,885</u>	<u>23,204</u>
LIABILITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Unrestricted	<u>319</u>	<u>22,885</u>	<u>23,204</u>
Total net position	<u>\$ 319</u>	<u>\$ 22,885</u>	<u>\$ 23,204</u>

**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, 2019**

	Administrators' Academy	Olympiad Fund	Total
Operating revenues:			
Charges for services	\$ -	\$ 18,325	\$ 18,325
Operating expenses:			
Purchased services	-	10,348	10,348
Supplies and materials	-	1,008	1,008
Total operating expenses	-	11,356	11,356
Operating income	-	6,969	6,969
Net position - beginning of year	319	15,916	16,235
Net position - end of year	\$ 319	\$ 22,885	\$ 23,204

**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, 2019**

	Administrators Academy	Olympiad Fund	Total
Cash flows from operating activities:			
Collection of fees	\$ -	\$ 18,325	\$ 18,325
Payments to suppliers and providers for goods and services	-	(11,356)	(11,356)
Net cash provided by operating activities	-	6,969	6,969
Net increase in cash and cash equivalents	-	6,969	6,969
Cash and cash equivalents - beginning of year	319	15,916	16,235
Cash and cash equivalents - end of year	<u>\$ 319</u>	<u>\$ 22,885</u>	<u>\$ 23,204</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ -	\$ 6,969	\$ 6,969
Adjustments to reconcile operating income to net cash provided by operating activities:	-	-	-
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 6,969</u>	<u>\$ 6,969</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2019**

	Central Illinois Rural Region Career & Technical Education System	Trustee Fund	School Facility Sales Tax	Total
ASSETS				
Cash and cash equivalents	\$ 1,460	\$ -	\$ -	\$ 1,460
Due from other governments	-	-	1,117,740	1,117,740
Total assets	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 1,117,740</u>	<u>\$ 1,119,200</u>
LIABILITIES				
Due to other governments	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 1,117,740</u>	<u>\$ 1,119,200</u>
Total liabilities	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 1,117,740</u>	<u>\$ 1,119,200</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, 2019**

CENTRAL ILLINOIS RURAL REGION

**CAREER & TECHNICAL
EDUCATION SYSTEM**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and cash equivalents	\$ 14,089	\$ 500,728	\$ 513,357	\$ 1,460
Total assets	<u>\$ 14,089</u>	<u>\$ 500,728</u>	<u>\$ 513,357</u>	<u>\$ 1,460</u>
LIABILITIES				
Due to other governments	\$ 14,089	\$ 500,728	\$ 513,357	\$ 1,460
Total liabilities	<u>\$ 14,089</u>	<u>\$ 500,728</u>	<u>\$ 513,357</u>	<u>\$ 1,460</u>

TRUSTEE FUND

ASSETS

Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LIABILITIES

Due to other governments	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL FACILITY
SALES TAX**

ASSETS

Cash and cash equivalents	\$ -	\$4,439,742	\$4,439,742	\$ -
Due from other governments	1,147,794	1,117,740	1,147,794	1,117,740
Total assets	<u>\$1,147,794</u>	<u>\$5,557,482</u>	<u>\$5,587,536</u>	<u>\$ 1,117,740</u>

LIABILITIES

Due to other governments	\$1,147,794	\$5,557,482	\$5,587,536	\$ 1,117,740
Total liabilities	<u>\$1,147,794</u>	<u>\$5,557,482</u>	<u>\$5,587,536</u>	<u>\$ 1,117,740</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, 2019**

<u>TOTAL</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
ASSETS				
Cash and cash equivalents	\$ 14,089	\$4,940,470	\$4,953,099	\$ 1,460
Due from other governments	<u>1,147,794</u>	<u>1,117,740</u>	<u>1,147,794</u>	<u>1,117,740</u>
Total assets	<u>\$1,161,883</u>	<u>\$6,058,210</u>	<u>\$6,100,893</u>	<u>\$ 1,119,200</u>
LIABILITIES				
Due to other governments	<u>\$1,161,883</u>	<u>\$6,058,210</u>	<u>\$6,100,893</u>	<u>\$ 1,119,200</u>
Total liabilities	<u>\$1,161,883</u>	<u>\$6,058,210</u>	<u>\$6,100,893</u>	<u>\$ 1,119,200</u>