

**STATE OF ILLINOIS
MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**FINANCIAL AUDIT
(In accordance with the Uniform Guidance)
For the year ended June 30, 2018**

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



**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

OFFICIALS

Regional Superintendent (Current and during the audit period) Mr. Kelton J.V. Davis

Assistant Regional Superintendent (Current and during the audit period) Mr. William C. Diddlebock

Offices are located at:

107 East Mill Street
Waterloo, Illinois 62298

Randolph County Courthouse
#1 Taylor Street
Chester, Illinois 62233

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

COMPLIANCE REPORT SUMMARY

The compliance 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 on compliance and internal controls 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	2	-
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	-	-

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2018-001	12-13	Controls over Financial Statement Preparation	Material Weakness
2018-002	14-17	Delay of Audit	Noncompliance

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2018.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2017.

PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2017.

EXIT CONFERENCE

The Monroe and Randolph Counties Regional Office of Education No. 45 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2018. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report. Responses to the recommendations were provided by Kelton Davis, Regional Superintendent, on April 4, 2019.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Monroe and Randolph Counties Regional Office of Education No. 45 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements.



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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe and Randolph Counties Regional Office of Education No. 45, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Monroe and Randolph Counties Regional Office of Education No. 45'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 Monroe and Randolph Counties Regional Office of Education No. 45, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, paragraph E in the notes to the financial statements, in fiscal year 2018, the Monroe and Randolph Counties Regional Office of Education No. 45 adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance 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, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance 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 May 2, 2019, on our consideration of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over financial reporting and compliance.

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Mattoon, Illinois
May 2, 2019



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe and Randolph Counties Regional Office of Education No. 45, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements, and have issued our report thereon dated May 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monroe and Randolph Counties Regional Office of Education No. 45'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 Monroe and Randolph Counties Regional Office of Education No. 45's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monroe and Randolph Counties Regional Office of Education No. 45'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 Questioned Costs as finding 2018-002.

Regional Office of Education No. 45's Responses to the Findings

The Monroe and Randolph Counties Regional Office of Education No. 45's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Monroe and Randolph Counties Regional Office of Education No. 45's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45'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 Monroe and Randolph Counties Regional Office of Education No. 45's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Mattoon, Illinois
May 2, 2019



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Monroe and Randolph Counties Regional Office of Education No. 45's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Monroe and Randolph Counties Regional Office of Education No. 45's major federal programs for the year ended June 30, 2018. The Monroe and Randolph Counties Regional Office of Education No. 45's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Monroe and Randolph Counties Regional Office of Education No. 45's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe and Randolph Counties Regional Office of Education No. 45's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Monroe and Randolph Counties Regional Office of Education No. 45's compliance.

Opinion on Each Major Federal Program

In our opinion, the Monroe and Randolph Counties Regional Office of Education No. 45 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Monroe and Randolph Counties Regional Office of Education No. 45 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monroe and Randolph Counties Regional Office of Education No. 45's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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Mattoon, Illinois
May 2, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Financial Statements in accordance with GAAP

Type of auditors' report issued

UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified?

 X yes no

- Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?

 yes X no

- Significant deficiency(ies) identified?

 yes X none reported

Type of auditors' report issued on compliance for major federal programs:

UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X no

Identification of major federal programs:

CFDA Number(s)

Name of federal program or cluster

84.366B

Mathematics and Science Partnerships

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

 yes X no

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding No. 2018-001 – Controls over Financial Statement Preparation

Criteria/Specific Requirement:

The Monroe and Randolph Counties Regional Office of Education No. 45 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

Condition:

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

- The ROE did not have adequate controls over the maintenance of complete records of receivables, payables, and unavailable revenue. While the ROE did maintain records to indicate the balances of these items, not all entries were provided to properly report the ROE's balances and activity.
- Numerous other adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

The ROE's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner. As a result of understating the payables and related expenditures, the expenditures per the Schedule of Expenditures of Federal Awards were understated.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding No. 2018-001 – Controls over Financial Statement Preparation (Concluded)

Cause:

ROE personnel overlooked recording the entries for the receivables, payables, and unavailable revenue when adjusting the trial balances to the modified accrual basis of accounting at year-end.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

The comptroller for the Regional Office of Education shall increase the frequency of internal controls for receivables, payables and unavailable revenue when the grant period is not congruent with fiscal year's end. Specifically, additional reviews will be made in June for federal grants ending after July 1st.

In addition, we have hired a CPA firm to prepare our financial statements which will include a review of receivables, payables and unavailable revenue.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding No. 2018-002 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education No. 45 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office of Education No. 45 did not provide completed financial statements in the appropriate format by the August 31 deadline.

Effect:

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

Cause:

According to the Regional Office of Education No. 45's management, they were not aware of the August 31 deadline. In addition, the Regional Office of Education No. 45's accounting department experienced turnover a few months prior to year-end, resulting in additional time needed for training new personnel while trying to close the books and prepare for the audit.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding No. 2018-002 – Delay of Audit (Continued)

Auditors' Recommendation:

The Regional Office of Education No. 45 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The rules promulgated by the Auditor General in section 420.320 as authorized in 105 ILCS 5/2-3.17a has resulted in multiple interpretations and leaves the Regional Office of Education with more questions than answers in order to assure explicit adherence to regulations and best practices. Presently the Regional Office of Education No. 45 employs multiple accounting firms in preparation and response to the audit conducted through the Auditor General's office. Specific questions with varying interpretation address the following subsection of Part 420 Subsection (c):

- c) *Specific standards for audits of regional offices of education and educational service centers conducted pursuant to Section 2-3.17a of the School Code [105 ILCS 5/2 3.17a]. By statute, this Section does not apply to an educational service center serving a school district in a city having a population exceeding 500,000.*

- 1) *"Books and records" as used in this subsection (c) means all **financial statements**, fiscal documents, vouchers for distributions, records of cash receipts, records of obligation and expenditure of funds, records of accounts and funds, journals, ledgers and subsidiary records of the ledgers, computer programs and data files integral to records of funds and accounts in the care, custody or control of the regional superintendent of schools or educational service center, and required for the purpose of enabling the Auditor General to perform the audits required by Section 2-3.17a of the School Code. The regional office of education and educational service center shall maintain records in accordance with this subsection (c), as applicable. **Financial records** shall be maintained on either a cash or accrual basis of accounting. However, supporting information must be maintained to allow **preparation** of an accrual statement as required by subsection (c)(2).*

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding No. 2018-002 – Delay of Audit (Continued)

Management's Response: (Continued)

- 2) *For audit purposes, each regional office of education and educational service center subject to audit by the Auditor General shall make available to the Auditor General or its designee all books and records during regular business hours on such days in each fiscal year as the Auditor General or its designee shall deem necessary to make and complete the required audits. The records shall be completed in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order that the annual audit may be done by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles.*

- 3) *Each regional office of education and educational service center subject to audit by the Auditor General shall make available the books and records necessary to make the required audit by providing to the Auditor General or its designee full, complete and unrestricted access to those books and records and to those persons who may have prepared, reviewed, reported on or otherwise have knowledge of them.*

In subsection (c)(1) the definition of "books and records" includes the term "financial statements". Later in the subsection the term "Financial Records" is separately addressed as being either cash or accrual. Worth noting is the final sentence reflects that these records will be used for the "preparation" of an "accrual statement".

In subsection (c)(2) the Regional Office of Education supplied all requested material prior to the onsite audit in a timely manner evidenced by the requests and submissions recorded within the Auditor General's website. Additionally, the administrative code introduces another term "Financial reports" and the deadline for these reports by August 31st. Finally, the term "Annual financial statements" concludes the subsection and that these statements shall be on an accrual basis.

As the rule specify "financial statements", "Financial Records", "accrual statement", "Financial Reports", and "Annual financial statements" we interpret these as separate documents with unique requirements and time frames in which they are to be available and when they are to be generated. Furthermore, we are seeking legal opinion as the strict definition of these terms as no Certified Public Accountant or firm has been able to provide specific definitions that delineate the similarities and differences among these terms.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding No. 2018-002 – Delay of Audit (Continued)

Management's Response: (Continued)

The Regional Office of Education shall expedite the preparation of all "financial statements", "Financial Records", "accrual statement", "Financial Reports", and "Annual financial statements" in order to enable the Auditor General to perform the audits required by Section 2-3.17a of the School Code. We have hired a CPA firm to prepare our financial statements prior to August 31st.

Auditor's Comment:

The requirement that the regional offices of education be audited was added to the statutes by P.A. 84-920, effective January 1, 1986. At that time, the responsibility for causing the audits to be made was given to the State Board of Education. The State Board of Education adopted rules implementing this requirement which were codified in the Illinois Administrative Code at Title 23, Section 110.115.

In 2002, the General Assembly transferred the responsibility for causing the audits of the regional offices to be made from the State Board of Education to the Auditor General's Office (P.A. 92-544, effective June 12, 2002). The Auditor General's Office adopted rules implementing this requirement which were codified in the Illinois Administrative Code at Title 74, Section 420.320. The rules adopted by the Auditor General's Office **mirror** the language that had previously been contained in the State Board of Education's rules. All of the terms that ROE 45 now expresses confusion over were previously in the State Board of Education's rules and were adopted in the Auditor General's rules when the responsibility for ROE audits was transferred to us in 2002.

Since the administrative rules have remained consistent for over thirty years, we would expect the ROE would be well aware of its responsibilities regarding the type of information to be submitted to the external auditors as well as the deadline for those submissions. At any rate, ROE 45 has never expressed any confusion over these terms to the Auditor General's Office during the 17 years during which we have been conducting the audit. We would encourage ROE 45 to clarify with our Office any questions it may have regarding its responsibilities so that future audits will not be delayed.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the year ended June 30, 2018**

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Corrective Action Plan

Finding No. 2018-001 – Controls over Financial Statement Preparation

Condition:

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

- The ROE did not have adequate controls over the maintenance of complete records of receivables, payables, and unavailable revenue. While the ROE did maintain records to indicate the balances of these items, not all entries were provided to properly report the ROE's balances and activity.
- Numerous other adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

The comptroller for the Regional Office of Education shall increase the frequency of internal controls for receivables, payables and unavailable revenue when the grant period is not congruent with fiscal year's end. Specifically, additional reviews will be made in June for federal grants ending after July 1st. In addition, we have hired a CPA firm to prepare our financial statements which will include a review of receivables, payables and unavailable revenue.

Anticipated Date of Completion:

April 2019

Name of Contact Person:

Kelton Davis, Regional Superintendent of Schools

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Corrective Action Plan (Continued)

Finding No. 2018-002 – Delay of Audit

Condition:

The Regional Office of Education No. 45 did not provide completed financial statements in the appropriate format by the August 31 deadline.

Plan:

The ROE engaged with a third-party CPA firm that completed the actuarial obligations for benefits. We will assure our contracted firms complete the reports prior to August 15th annually. In addition, we have hired a CPA firm to prepare our financial statements prior to August 31st.

Anticipated Date of Completion:

July 2019

Name of Contact Person:

Kelton Davis, Regional Superintendent of Schools

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2018**

Not applicable in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

As management of Monroe and Randolph Counties Regional Office of Education No. 45 (ROE No. 45), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the ROE No. 45 for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with ROE No. 45's financial statements, which follow this section.

2018 Financial Highlights

- The assets and deferred outflows of resources of Regional Office of Education No. 45 were less than its liabilities and deferred inflows of resources by \$373,143 (net position). Of this amount, \$93,939 is restricted. Capital assets account for \$30,956 with no related debt.
- The Regional Office of Education No. 45's total net position decreased by \$398,265. This change was mostly attributable to a decrease in the net position of the governmental activities. The revenues of the governmental activities exceeded the expenses by \$118,145. The main reason for the decrease in net position of the governmental activities is due to the prior period adjustment of \$521,416 to recognize postemployment benefits liability and related deferred outflows.
- The capital assets (net) of Regional Office of Education No. 45 increased by \$341 due to total depreciation expense of \$10,331, offset by capital asset additions of \$10,672. See Note 7 to the financial statements for further details.

Overview of the Financial Statements

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These financial statements provide information about the activities of ROE No. 45 as a whole and present an overall view of the Agency's finances in a manner similar to private sector businesses.
- The Fund Financial Statements illustrate how governmental services were financed in the short term, as well as what remains for future spending. Fund financial statements report ROE No. 45's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Overview of the Financial Statements (Continued)

- Other information includes combining financial statements and budgetary information for certain general fund accounts, education fund accounts, and other non-major accounts.

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of ROE No. 45's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all of ROE No. 45's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of ROE No. 45 is improving or deteriorating.

The *Statement of Activities* presents information showing how ROE No. 45's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, ROE No. 45's activities are divided into two categories:

- *Governmental activities*: Most of ROE No. 45's basic services are included here, such as regular and special education improvement of instruction, instructional staff support services, and administration. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities*: ROE No. 45 charges fees to help cover the costs of certain services it provides, such as workshops and conferences.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements - The *fund financial statements* provide detailed information about ROE No. 45's funds, focusing on its most significant or "major" funds, not ROE No. 45 as a whole. Funds are accounting devices ROE No. 45 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. ROE No. 45 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of ROE No. 45 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* account for most of ROE No. 45's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By so doing, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ROE No. 45 maintains 5 individual governmental funds: the general fund, education fund, bus driver permit fund, general education development fund, and teachers' institute fund. Information is presented separately in the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund and education fund, both considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 26-29 of this report.

Proprietary funds - ROE No. 45 maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide statements. ROE No. 45 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Registration fund, and it is considered a major fund.

The proprietary fund required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support ROE No. 45's own programs.

The basic fiduciary fund statement can be found on page 33 of this report.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Overview of the Financial Statements (Concluded)

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-79 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning ROE No. 45. Overall budgeting is not a legal requirement for ROE No. 45. Accordingly, formal budgets are not adopted; and therefore, budgetary comparison schedules are not included in the required supplementary information (RSI). However, ROE No. 45 is the recipient of monies from the Illinois State Board of Education (ISBE) for most accounts within the education fund on which ISBE requires budgetary comparison to actual results. Budgetary comparison schedules have been provided for the ISBE accounts to demonstrate compliance. In addition, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board (ICCB). Budgetary comparison schedules have been included on pages 102-116 and 121-129 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and combining schedules for the general and education funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 89-101, 117-120, and 130-135 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of ROE No. 45, assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources by \$373,143 at the close of fiscal year 2018.

ROE No. 45's net position is split between governmental activities and business-type activities. The governmental activities' net position was a negative \$631,188, offset by the business-type activities' net position of \$258,045.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Government-wide Financial Analysis (Continued)

	ROE No. 45's Net Position					
	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 1,068,480	\$ 747,219	\$ 253,529	\$ 247,393	\$ 1,322,009	\$ 994,612
Capital assets	26,425	24,890	4,531	5,725	30,956	30,615
Total assets	<u>1,094,905</u>	<u>772,109</u>	<u>258,060</u>	<u>253,118</u>	<u>1,352,965</u>	<u>1,025,227</u>
Deferred outflows of resources	482,754	640,753	-	-	482,754	640,753
Current liabilities	175,432	44,510	15	79	175,447	44,589
Net pension liability	956,668	1,531,494	-	-	956,668	1,531,494
Net OPEB liability	483,452	-	-	-	483,452	-
Total liabilities	<u>1,615,552</u>	<u>1,576,004</u>	<u>15</u>	<u>79</u>	<u>1,615,567</u>	<u>1,576,083</u>
Deferred inflows of resources	593,295	64,775	-	-	593,295	64,775
Net position:						
Net investment in capital assets	26,425	24,890	4,531	5,725	30,956	30,615
Restricted for educational purposes	93,939	67,295	-	-	93,939	67,295
Unrestricted	(751,552)	(320,102)	253,514	247,314	(498,038)	(72,788)
Total net position	<u>\$ (631,188)</u>	<u>\$(227,917)</u>	<u>\$ 258,045</u>	<u>\$ 253,039</u>	<u>\$ (373,143)</u>	<u>\$ 25,122</u>

At June 30, 2018, current assets, comprised predominately of cash and receivables, increased \$327,397 due mainly to an increase in grant funding. There was a minimal increase of \$341 for capital assets. The net position of business-type activities increased by \$5,006. A portion of the increase in the net position of the business type activities is attributed to a decrease in purchase services.

As indicated above, ROE No. 45 reported negative net position for the governmental activities and a positive net position for the business-type activities. The assets and deferred outflows of resources of ROE No. 45 were less than its liabilities and deferred inflows of resources at the close of the fiscal year by \$373,143 (total net position). The negative position for the governmental activities can be attributed to the reporting requirement for the pension and OPEB related balances, such as the net pension liability, net OPEB liability and deferred inflows and outflows of resources. The investment in net capital assets was \$30,956 at June 30, 2018. ROE No. 45 uses these capital assets in providing services to its constituents; consequently, these assets are not available for future spending.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Government-wide Financial Analysis (Concluded)

Net position of ROE No. 45 decreased by \$398,265 from the FY17 balance. Governmental activities contributed a decrease of \$403,271 mainly due to the prior period adjustment to recognize postemployment benefits liability. Business-type activities increased by \$5,006. Key elements of the change are as follows:

	ROE No. 45's Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 17,410	\$ 30,298	\$ 17,410	\$ 30,298
Operating grants & contributions	1,753,234	1,147,734	-	-	1,753,234	1,147,734
General revenues:						
Local sources	524,134	454,268	-	-	524,134	454,268
On-behalf payments	560,516	563,746	-	-	560,516	563,746
Loss on asset disposal	-	(1,588)	-	-	-	(1,588)
Interest	2,815	1,705	475	446	3,290	2,151
Total revenues	<u>2,840,699</u>	<u>2,165,865</u>	<u>17,885</u>	<u>30,744</u>	<u>2,858,584</u>	<u>2,196,609</u>
Expenses:						
Instructional services:						
Salaries and benefits	690,065	848,445	2,587	2,587	692,652	851,032
Purchased services	424,853	229,337	4,016	6,771	428,869	236,108
Supplies and materials	62,566	71,583	1,475	1,352	64,041	72,935
Other	27,109	21,292	-	-	27,109	21,292
Depreciation	9,137	9,603	1,194	1,193	10,331	10,796
Pension expense	119,846	276,938	-	-	119,846	276,938
OPEB expense	32,245	-	-	-	32,245	-
Intergovernmental:						
Payments to other govt units	796,217	274,460	3,607	3,580	799,824	278,040
Administrative:						
On-behalf payments - State	560,516	563,746	-	-	560,516	563,746
Total expenses	<u>2,722,554</u>	<u>2,295,404</u>	<u>12,879</u>	<u>15,483</u>	<u>2,735,433</u>	<u>2,310,887</u>
Change in net position	118,145	(129,539)	5,006	15,261	123,151	(114,278)
Net position-beginning, restated (see note 19)	<u>(749,333)</u>	<u>(98,378)</u>	<u>253,039</u>	<u>237,778</u>	<u>(496,294)</u>	<u>139,400</u>
Net position-ending	<u>\$ (631,188)</u>	<u>\$(227,917)</u>	<u>\$ 258,045</u>	<u>\$ 253,039</u>	<u>\$ (373,143)</u>	<u>\$ 25,122</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Governmental Activities

Revenues for governmental activities were \$2,840,699 and expenses were \$2,722,554. Revenues increased \$678,064 (exclusive of on-behalf payments) due mostly to an increase in grant revenue and local revenue.

With the increase in revenues, we could expect to see an increase in expenses as well. Overall governmental expenses increased approximately \$430,380 (exclusive of on-behalf payments) consisting of an increase of \$521,757 in payments to other governments, \$195,516 in purchased services, \$5,817 in other expenses and \$32,245 in OPEB expense. Salaries and benefits decreased by \$158,380. Other decreases include \$9,017 in supplies and materials and \$157,092 in pension expense. Depreciation expense also decreased by \$466.

Business-Type Activities

The charges for services decreased by \$12,888 when compared to 2017. The decrease in revenue was primarily due to less activities of professional development not associated with grant funding. Overall expenses decreased by \$2,604 when compared to 2017. Purchased services decreased by \$2,755 and supplies and materials increased by \$123. Payments to other governments increased by \$27 and depreciation increased by \$1.

Financial Analysis of ROE No. 45's Funds

Governmental funds - As previously noted, ROE No. 45 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. ROE No. 45's governmental funds reported combined fund balances of \$770,410 representing an increase of \$182,187 from last year's ending fund balance of \$588,223. The majority of the difference is from an increase in the General Fund. The increase in the General Fund is a result of an increase in revenue of \$100,114 and an \$11,549 decrease in pension expense and a \$47,963 decrease in salaries and benefits.

The general fund is the chief operating fund of ROE No. 45. At the end of the current fiscal year, the nonspendable and unassigned fund balances of the general fund increased by \$175,361.

Proprietary funds - ROE No. 45's proprietary funds consist of enterprise funds. The enterprise fund activity is the same type of information found in the government-wide financial statements, but in more detail. Aspects concerning the finances have already been addressed in the discussion of ROE No. 45's business-type activities.

Budgetary Highlights

Presenting an overall budget is not a legal requirement of ROE No. 45. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included in the required supplementary information.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2018**

Budgetary Highlights (Concluded)

ROE No. 45 acts as the administrative agent for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. In addition, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board (ICCB). Comparisons of budgeted and actual results for various programs are presented as supplementary information.

Capital Assets

	ROE No. 45's Capital Assets Net of Accumulated Depreciation					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Equipment	\$ 26,425	\$ 24,890	\$ 4,531	\$ 5,725	\$ 30,956	\$ 30,615

At June 30, 2018 and June 30, 2017, ROE No. 45 had invested \$152,627 and \$145,594 respectively, in a broad range of capital assets, including office equipment, computers and audio-visual equipment.

ROE No. 45 had depreciation expense of \$10,331 and \$10,796 in FY18 and FY17, respectively, with accumulated depreciation of \$121,671 and \$114,979 at June 30, 2018 and 2017, respectively. More detailed information about capital assets is available in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

At this time ROE No. 45 has received all grant funding for the fiscal year 2018. We are diligently pursuing opportunities to acquire new funding through governmental and business-type activities. We anticipate some delay of grant and other state payments due to state budgetary issues. We will be in year two of the multiyear Truants Alternative Optional Education Program grant. The Illinois Math and Science Partnership grants and the Foundational Services grant came to the end during FY 2019 (August 2018). However, the ROE continues in actively working with schools on professional learning as a fee for service program. The Foundational Services grant is also expected to be funded again in FY 2020. Regional Safe School funding was previously based on attendance and distributed through General State Aid. The Safe School was excluded from the Evidence Based Funding Model that replaced General State Aid. Supplemental appropriations have maintained the prior year's funding levels regardless of changes with enrollment and attendance. There are still appropriations for the safe school grant funding. Given our increases in enrollment, we anticipate greater expenditures while revenue is held constant from the state.

Contacting ROE No. 45's Financial Management

This financial report is designed to provide ROE No. 45's citizens, taxpayers and clients, with a general overview of ROE No. 45's finances and to demonstrate ROE No. 45's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent's Office of Monroe/Randolph Counties, ROE No. 45, 107 East Mill Street, Waterloo, Illinois 62298.

BASIC FINANCIAL STATEMENTS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 765,707	\$ 249,669	\$ 1,015,376
Accounts receivable	1,341	-	1,341
Due from other governments	292,842	3,860	296,702
Prepaid items	8,590	-	8,590
Total current assets	<u>1,068,480</u>	<u>253,529</u>	<u>1,322,009</u>
Noncurrent assets:			
Capital assets, net	<u>26,425</u>	<u>4,531</u>	<u>30,956</u>
Total noncurrent assets	<u>26,425</u>	<u>4,531</u>	<u>30,956</u>
Total assets	<u>1,094,905</u>	<u>258,060</u>	<u>1,352,965</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	480,290	-	480,290
Deferred outflows related to OPEB	<u>2,464</u>	<u>-</u>	<u>2,464</u>
Total deferred outflows of resources	<u>482,754</u>	<u>-</u>	<u>482,754</u>
LIABILITIES			
Current liabilities:			
Accounts payable	69,284	15	69,299
Due to other governments	90,824	-	90,824
Unearned revenue	<u>15,324</u>	<u>-</u>	<u>15,324</u>
Total current liabilities	<u>175,432</u>	<u>15</u>	<u>175,447</u>
Noncurrent liabilities:			
Net pension liability	956,668	-	956,668
Net OPEB liability	<u>483,452</u>	<u>-</u>	<u>483,452</u>
Total noncurrent liabilities	<u>1,440,120</u>	<u>-</u>	<u>1,440,120</u>
Total liabilities	<u>1,615,552</u>	<u>15</u>	<u>1,615,567</u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF NET POSITION (CONCLUDED)
June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	524,417	-	524,417
Deferred inflows related to OPEB	68,878	-	68,878
Total deferred inflows of resources	593,295	-	593,295
NET POSITION			
Net investment in capital assets	26,425	4,531	30,956
Restricted for educational purposes	93,939	-	93,939
Unrestricted	(751,552)	253,514	(498,038)
Total net position	\$ (631,188)	\$ 258,045	\$ (373,143)

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental activities:						
Instructional services:						
Salaries	\$ 598,480	\$ -	\$ 409,368	\$ (189,112)	\$ -	\$ (189,112)
Benefits	91,585	-	112,090	20,505	-	20,505
Purchased services	424,853	-	349,923	(74,930)	-	(74,930)
Supplies and materials	62,566	-	54,088	(8,478)	-	(8,478)
Capital outlay	-	-	10,672	10,672	-	10,672
Other	27,109	-	20,876	(6,233)	-	(6,233)
Depreciation	9,137	-	-	(9,137)	-	(9,137)
Pension expense	119,846	-	-	(119,846)	-	(119,846)
OPEB expense	32,245	-	-	(32,245)	-	(32,245)
Intergovernmental:						
Payments to other governmental units	796,217	-	796,217	-	-	-
Administrative:						
On-behalf payments - State	560,516	-	-	(560,516)	-	(560,516)
Total governmental activities	2,722,554	-	1,753,234	(969,320)	-	(969,320)
Business-type activities:						
Registration services	12,879	17,410	-	-	4,531	4,531
Total primary government	\$ 2,735,433	\$ 17,410	\$ 1,753,234	(969,320)	4,531	(964,789)
General revenues:						
Local sources						
On-behalf payments - State				524,134	-	524,134
Interest				560,516	-	560,516
Total general revenues				2,815	475	3,290
Change in net position				1,087,465	475	1,087,940
Net position - beginning of year, restated (see note 19)				118,145	5,006	123,151
Net position - end of year				(749,333)	253,039	(496,294)
				\$ (631,188)	\$ 258,045	\$ (373,143)

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 622,468	\$ 53,030	\$ 90,209	\$ 765,707
Accounts receivable	1,152	-	189	1,341
Due from other funds	96,956	-	-	96,956
Due from other governments	80,853	211,989	-	292,842
Prepaid items	8,590	-	-	8,590
 Total assets	 \$ 810,019	 \$ 265,019	 \$ 90,398	 \$ 1,165,436
 LIABILITIES				
Accounts payable	\$ 4,910	\$ 64,374	\$ -	\$ 69,284
Due to other funds	-	96,956	-	96,956
Due to other governments	-	90,824	-	90,824
Unearned revenue	6,000	9,324	-	15,324
 Total liabilities	 10,910	 261,478	 -	 272,388
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	122,638	-	122,638
 FUND BALANCES (DEFICITS)				
Nonspendable	8,590	-	-	8,590
Restricted	-	3,541	90,398	93,939
Unassigned	790,519	(122,638)	-	667,881
 Total fund balances (deficits)	 799,109	 (119,097)	 90,398	 770,410
 Total liabilities, deferred inflows of resources, and fund balances (deficits)	 \$ 810,019	 \$ 265,019	 \$ 90,398	 \$ 1,165,436

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Total fund balances - governmental funds	\$	770,410
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		26,425
<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>		122,638
<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	\$ 482,754	
Deferred inflows of resources	<u>(593,295)</u>	(110,541)
<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	\$ (956,668)	
Net OPEB liability	<u>(483,452)</u>	<u>(1,440,120)</u>
Net position of governmental activities	\$	<u><u>(631,188)</u></u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 502,744	\$ -	\$ 32,967	\$ 535,711
State sources	114,256	523,877	1,215	639,348
Federal sources	-	1,094,157	-	1,094,157
On-behalf payments	264,630	-	-	264,630
Interest	2,594	57	164	2,815
Total revenues	884,224	1,618,091	34,346	2,536,661
Expenditures:				
Instructional services:				
Salaries	247,112	344,968	6,400	598,480
Benefits	43,411	46,282	1,892	91,585
Purchased services	96,200	327,345	1,308	424,853
Supplies and materials	8,608	53,830	128	62,566
Other	6,040	20,933	136	27,109
Pension expense	28,852	44,336	1,379	74,567
OPEB expense	3,795	-	-	3,795
On-behalf payments	264,630	-	-	264,630
Intergovernmental:				
Payments to other governmental units	-	796,217	-	796,217
Capital outlay	7,890	2,782	-	10,672
Total expenditures	706,538	1,636,693	11,243	2,354,474
Excess (deficiency) of revenues over (under) expenditures	177,686	(18,602)	23,103	182,187
Other financing sources (uses):				
Transfers in	-	2,325	-	2,325
Transfers out	(2,325)	-	-	(2,325)
Total other financing sources (uses)	(2,325)	2,325	-	-
Net change in fund balances	175,361	(16,277)	23,103	182,187
Fund balances (deficits), beginning of year	623,748	(102,820)	67,295	588,223
Fund balances (deficits), end of year	\$ 799,109	\$ (119,097)	\$ 90,398	\$ 770,410

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Net changes in fund balances	\$	182,187
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 - operating grants	\$ 122,638		
Prior year unavailable revenue - local sources	(11,577)		
Prior year unavailable revenue - operating grants	<u>(102,909)</u>		8,152

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	\$ 10,672		
Depreciation expense	<u>(9,137)</u>		1,535

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	\$ (45,279)		
OPEB expense	<u>(28,450)</u>		<u>(73,729)</u>

Changes in net position of governmental activities	\$	<u><u>118,145</u></u>
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The notes to the financial statements are an integral part of this statement.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2018

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Registration</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 249,669
Due from other governments	<u>3,860</u>
Total current assets	253,529
Noncurrent assets:	
Capital assets, net	<u>4,531</u>
Total assets	<u>258,060</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>15</u>
Total current liabilities	<u>15</u>
NET POSITION	
Net investment in capital assets	4,531
Unrestricted	<u>253,514</u>
Total net position	<u><u>\$ 258,045</u></u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Business-Type Activities
	Enterprise Fund Registration
Operating revenues:	
Charges for services	\$ 17,410
Operating expenses:	
Salaries	2,550
Benefits	37
Purchased services	4,016
Supplies and materials	1,475
Depreciation	1,194
Payments to other governmental units	3,607
Total operating expenses	12,879
Operating income	4,531
Nonoperating revenues:	
Interest income	475
Change in net position	5,006
Net position - beginning of year	253,039
Net position - end of year	\$ 258,045

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the year ended June 30, 2018

	Business-Type Activities
	Enterprise Fund
	Registration
Cash flows from operating activities:	
Collection of fees	\$ 18,229
Payments to suppliers and providers of goods and services	(5,555)
Payments to employees	(2,587)
Payments to other governments	(3,607)
Net cash provided by operating activities	6,480
Cash flows from investing activities:	
Interest received on investments	475
Net cash provided by investing activities	475
Net increase in cash and cash equivalents	6,955
Cash and cash equivalents - beginning of year	242,714
Cash and cash equivalents - end of year	\$ 249,669
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,531
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,194
Decrease in accounts receivable	40
Decrease in due from other governments	779
Increase in accounts payable	15
Decrease in due to other governments	(79)
Net cash provided by operating activities	\$ 6,480

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 629,974
Investments	2,163
Due from other governments	<u>1,467,424</u>
Total assets	<u><u>\$2,099,561</u></u>
LIABILITIES	
Due to other governments	<u>\$2,099,561</u>
Total liabilities	<u><u>\$2,099,561</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 45'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. 45 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 Monroe and Randolph 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 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. 45 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. 45 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. 45's financial statements. In addition, the Regional Office of Education No. 45 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 45 being considered a component unit of the entity.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Statement of Net Position includes all of the Regional Office of Education No. 45'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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 the major proprietary fund.

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. 45 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 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 revenues in the Statement of Activities.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 45's enterprise fund 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. 45'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.

1. Governmental Funds

The Regional Office of Education No. 45 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 45. 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. 45. Included in this fund are:

Chester Office Account – This fund is used for general operations of the Chester office of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund.

Waterloo Office Account – This fund is used for general operations of the Waterloo office of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund.

General State Aid – This fund accounts for General State Aid used for the general operations of the Regional Safe Schools program.

County Account – The Regional Office of Education No. 45 receives a tax appropriation from Monroe and Randolph counties for operation purposes. These appropriations are requested on a yearly basis.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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 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 specific purposes supporting education enhancement programs as follows:

Adult Education – This group of funds accounts for monies received from the Illinois Community College Board (ICCB) for academic and vocational adult education programs including the following:

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

State Basic – This fund accounts for State funds received from the ICCB for vocational training for adult education clients including computer and certified nurse assistant classes.

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

Secretary of State Family Literacy Program – The program provides continuing adult education, English as a second language, childhood education, parenting resources, and activities for at risk families in the community of the Regional Office of Education No. 45.

Adult Volunteer Literacy Grant Program – This program provides free one-on-one tutoring for adults who want to improve their basic reading and math skills and for English as a Second Language students. The Regional Office of Education No. 45 provides the training and the teaching materials for the volunteer tutors and the books and materials for the students.

National School Lunch Program (NSLP) - Federal Lunch and Breakfast – This fund accounts for the Federal Breakfast and Lunch funds received from ISBE for the National School Lunch Program (NSLP) and School Breakfast Program.

Regional Safe Schools – This program provides funding for an alternative school program for students removed from the regular school setting due to disruptive behavior.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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)

Pilot Regional Safe Schools Cooperative Education Program – This program serves eligible students and enhances the educational opportunity with highly structured private sector work experience and job training programs which follows State course description for Cooperative Education.

Mathematics and Science Partnerships (Making Math Connections) – This program provides teachers in Southern Illinois with opportunities to increase their own knowledge in math and experience with the new IL Learning Standards, math practices, and curriculum development.

Mathematics and Science Partnerships (Making Science Connections) – This program provides teachers in Southern Illinois with opportunities to increase their own knowledge in science and experience with the new IL Learning Standards, science practices, and curriculum development.

Title I School Improvement System of Support – Grant monies in this fund are used to provide professional development activities to schools identified as Priority schools, Focus schools, and all schools under Foundational Services.

McKinney Vento Education for Homeless Children – This fund provides educational services and strives to heighten community awareness of the need to serve the homeless population.

ROE/ISC Operations – This account is used for general operation of the Regional Office of Education office.

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.

Truants Alternative Optional Education – This program provides alternative educational program services to truant, chronic truant, potential dropout, and dropout students referred from local schools to the Regional Office of Education No. 45.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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)

Mathematics and Science Partnerships (Math) – This program provides teachers in Southern Illinois with opportunities to increase their own knowledge in math and experience with the new IL Learning Standards.

Mathematics and Science Partnerships (Science) – This program provides teachers in Southern Illinois with opportunities to increase their own knowledge in science and experience with the new IL Learning Standards.

Additionally, the Regional Office of Education No. 45 reports the following nonmajor governmental funds:

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 specified purposes. Nonmajor special revenue funds include the following:

Teacher’s Institute Fund – The Teacher’s Institute Fund is authorized by Section 3-12 of the School Code. Teachers' license fees are paid into the Teacher’s Institute Fund. The monies are used to defray administrative expenses incidental to teacher’s institutes, workshops, or meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver Permit Fund – This fund is used to account for the issuance of school bus driver permits and to sponsor instructional training courses for school bus drivers.

General Education Development Fund – This fund was established to administer the high school level test of General Educational Development.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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. 45 reports the following major enterprise fund:

Registration – The purpose of the Registration fund is to support professional development workshops for educators and enrichment programs for students. Educators/students pay registration fees for programs presented by the office. Presenter fees, supplies, room rental, and food costs are examples of expenses paid out of the registration fund.

3. Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education No. 45 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. 45 reports the following agency funds:

Distributive Fund – This fund distributes monies received by the State to the school districts and other entities.

Area V Trail – This fund receives and disburses monies for workshops provided and paid for by all the Area V Regional Offices of Education.

State Trail – This fund receives and disburses monies for workshops provided and paid for by the Regional Offices of Education State-wide.

Connecting Conference – This fund receives and disburses monies for workshops provided and paid for by the Illinois Association of Regional Superintendent of Schools.

The Maidez Center – This fund receives and disburses monies for The Maidez Center, a 501(c)(3) organization that provides charitable support to other organizations serving at-risk youth and families.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Fiduciary Funds (Continued)

Agency Funds (Continued)

School Facility Sales Tax – Voters in both of the Regional Office’s counties approved the use of a 1% sales tax to be used exclusively for school facility capital projects. Regional Office of Education No. 45 is the fiscal agent for processing payments from the State of Illinois to the school districts.

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. 45 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments held with an original maturity date of less than 90 days to be cash and cash equivalents. State regulations require that the Regional Office of Education No. 45 deposit funds under its control into accounts insured by the federal government, 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. 45 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 are 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 the business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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. 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	5-10 years
Office Equipment	3-7 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.

5. 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 in 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the Regional Office of Education No. 45'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. 45's OPEB Plan and additions to/deductions from the Regional Office of Education No. 45's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 45's Plan. For this purpose, the Regional Office of Education No. 45's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 45's OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense from the ROE's single employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

7. Compensated Absences

Vacation pay is considered an expenditure in the year it is paid. All vacation has to be used before fiscal year end, so no accrual is required.

Accumulated sick pay benefits are available to all full-time employees to use in future years. However, upon termination, the employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

8. 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, if any, 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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)

8. Equity Classifications (Continued)

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 General Fund’s Waterloo Office Account has a nonspendable fund balance related to prepaid items, as these are not available to be spent.

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: Teacher’s Institute Fund, Bus Driver Permit Fund, and General Education Development Fund. The NSLP - Federal Lunch and Breakfast fund account is restricted by a grant agreement or contract.

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. 45 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. 45 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 General Fund accounts have unassigned fund balances: Chester Office Account, Waterloo Office Account, General State Aid, and County Account. The following Education Fund accounts have unassigned fund balances: Adult Education - State Basic, Adult Education - State Performance, Regional Safe Schools, Mathematics and Science Partnerships (Making Math Connections 2018), and Mathematics and Science Partnerships (Making Science Connections 2018).

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncements

In 2018, the Regional Office of Education No. 45 implemented Governmental Accounting Standards Board (GASB) Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 81 - *Irrevocable Split-Interest Agreements*; GASB Statement No. 85 - *Omnibus 2017*; and GASB Statement No. 86 - *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Regional Office of Education No. 45.

2. BUDGETS AND BUDGETARY ACCOUNTING INFORMATION

The Regional Office of Education No. 45 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.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board 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 and Family Literacy - Federal Basic, Adult Education and Family Literacy - State Basic, Adult Education and Family Literacy - State Performance, Secretary of State Family Literacy Program, Adult Volunteer Literacy Grant Program, Regional Safe Schools Program, Pilot Regional Safe Schools Cooperative Education Program, Mathematics and Science Partnerships (Making Math Connections), Mathematics and Science Partnerships (Making Science Connections), Title I School Improvement System of Support, McKinney Vento Education for Homeless Children, ROE/ISC Operations, Title II Teacher Quality - Leadership Grant, Truants Alternative/Optional Education, Mathematics and Science Partnerships (Math), and Mathematics and Science Partnerships (Science).

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2018, the carrying amount of the Regional Office of Education No. 45's deposits, which do not include The Illinois Funds accounts, for the governmental activities, business-type activities, and fiduciary funds were \$765,707, \$249,669, and \$629,948, respectively. The bank balances for the governmental activities, business-type activities, and fiduciary funds totaled \$1,766,407, of which \$18,797 was not 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. 45's name. The Illinois Funds accounts had a carrying value of \$26 and a total bank balance of \$4,059 at June 30, 2018. This amount is fully collateralized and not subject to credit risk.

5. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 96,956	\$ -
Education Fund	-	96,956
Totals	\$ 96,956	\$ 96,956

At June 30, 2018, amounts due from other funds to the General Fund primarily consisted of loans to various Education Fund accounts to cover cash shortages. These funds utilize the same pooled cash account.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

6. DUE TO/DUE FROM OTHER GOVERNMENTS

At June 30, 2018, the Regional Office of Education No. 45's General Fund, Education Fund, Registration Fund, and Agency Funds had amounts due to and due from various other governmental units which consisted of the following:

Due from Other Governments:

General Fund:

Local Governments	\$ 80,342
Illinois Comptroller	457
Illinois State Board of Education	54
	80,853

Education Fund:

Illinois State Board of Education	149,940
Illinois Community College Board	26,579
Regional Office of Education No. 3	8,286
Regional Office of Education No. 51	27,184
	211,989

Registration Fund:

Local Governments	3,860
	\$ 296,702

Agency Funds:

Local Governments	\$ 19,925
Illinois State Board of Education	137,466
Illinois Comptroller	1,310,033
	\$ 1,467,424

Due to Other Governments:

Education Fund:

Local Governments	\$ 90,824

Agency Funds:

Local Governments	\$ 2,099,561

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

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

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets being depreciated:				
Equipment and furniture	\$ 134,722	\$ 10,672	\$ 3,639	\$ 141,755
Less accumulated depreciation for:				
Equipment and furniture	(109,832)	(9,137)	(3,639)	(115,330)
Governmental activities capital assets, net	\$ 24,890	\$ 1,535	\$ -	\$ 26,425
 Business-type activities:				
Capital assets being depreciated:				
Equipment and furniture	\$ 10,872	\$ -	\$ -	\$ 10,872
Less accumulated depreciation for:				
Equipment and furniture	(5,147)	(1,194)	-	(6,341)
Business-type activities capital assets, net	\$ 5,725	\$ (1,194)	\$ -	\$ 4,531

Depreciation expense was charged to Instructional Services (functions/programs) of the Regional Office of Education No. 45 as follows:

Governmental activities:	
Instructional services	\$ 9,137

Depreciation expense was charged to Registration Services (functions/programs) of the Regional Office of Education No. 45 as follows:

Business-type activities:	
Registration services	\$ 1,194

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The employer participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 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 2 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 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 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 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 45.

On behalf contributions to TRS - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 45. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 45 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 45, and the Regional Office of Education No. 45 recognized revenue and expenditures of \$258,594 in pension contributions from the State of Illinois.

2.2 formula contributions - Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$1,686 and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and special trust fund contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 45, there is a statutory requirement for the Regional Office of Education No. 45 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$89,838 were paid from federal and special trust funds that required employer contributions of \$9,074. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions (Continued)

Employer retirement cost contributions - Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 45 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education No. 45 paid no employer ERO contributions to TRS for retirements that occurred before July 1, 2016.

The Regional Office of Education No. 45 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education No. 45 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the Regional Office of Education No. 45 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 949,889
State's proportionate share of the net pension liability associated with the employer	2,627,581
Total	\$ 3,577,470

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The Regional Office of Education No. 45's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education No. 45's proportion was 0.0012433401 percent, which was a decrease of 0.0002862621 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education No. 45 recognized pension expense of \$258,594 and revenue of \$258,594 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education No. 45 recognized pension expense of \$116,203. At June 30, 2018, the Regional Office of Education No. 45 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	\$ 10,317	\$ 438
Net difference between projected and actual earnings on pension plan investments	652	-
Changes of assumptions	63,398	27,295
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>286,459</u>	<u>197,929</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	360,826	225,662
Employer Contributions Made Subsequent to the Measurement Date	<u>11,227</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 372,053</u></u>	<u><u>\$ 225,662</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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)

\$11,227 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2019	\$ 38,781
2020	62,167
2021	67,555
2022	(27,170)
2023	(6,169)
Total	\$ 135,164

Actuarial Assumptions

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

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Actuarial Assumptions (Continued)

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

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

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

Sensitivity of the Regional Office of Education No. 45's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 45'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. 45'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	\$ 1,167,062	\$ 949,889	\$ 772,005

TRS Fiduciary Net Position

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 45'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. 45's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	11
Total	55

Contributions

As set by statute, the Regional Office of Education No. 45'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. 45's annual contribution rate for calendar year 2017 was 17.20%. For the fiscal year 2018, the Regional Office of Education No. 45 contributed \$63,340 to the plan. The Regional Office of Education No. 45 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The Regional Office of Education No. 45's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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

Single Discount Rate

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

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 3,150,892	\$ 2,826,806	\$ 324,086
Changes for the year:			
Service Cost	37,417	-	37,417
Interest on the total pension liability	230,357	-	230,357
Differences between expected and actual experience of the total pension liability	48,411	-	48,411
Contributions - employer	-	58,417	(58,417)
Contributions - employees	-	15,284	(15,284)
Changes of assumptions	(95,176)	-	(95,176)
Net investment income	-	467,131	(467,131)
Benefit payments, including refunds of employee contributions	(196,343)	(196,343)	-
Other (net transfer)	-	(2,516)	2,516
Net changes	<u>24,666</u>	<u>341,973</u>	<u>(317,307)</u>
Balances at December 31, 2017	<u>\$ 3,175,558</u>	<u>\$ 3,168,779</u>	<u>\$ 6,779</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net Pension Liability (Asset)	<u>\$ 368,739</u>	<u>\$ 6,779</u>	<u>\$ (296,197)</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2018, the Regional Office of Education No. 45 recognized pension expense of \$3,643. At June 30, 2018, the Regional Office of Education No. 45 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	\$ 22,650	\$ -
Assumption changes	-	44,529
Net difference between projected and actual earnings on pension plan investments	<u>51,234</u>	<u>254,226</u>
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	73,884	298,755
Pension Contributions Made Subsequent to the Measurement Date	<u>34,353</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 108,237</u></u>	<u><u>\$ 298,755</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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)

\$34,353 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Inflows of Resources
2018	\$ 61,666
2019	43,251
2020	67,137
2021	52,817
Total	\$ 224,871

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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

Plan Description

The Regional Office of Education No. 45 participates in the Teachers' Health Insurance Security (THIS) Fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefits 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. 45. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 45 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 45, and recognized revenue and expenditures of \$37,292 in OPEB contributions from the State of Illinois.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Employer Contributions to the THIS Fund

The Regional Office of Education No. 45 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 45 paid \$2,464 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office of Education No. 45 paid \$2,980 and \$3,037 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.”

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

**MONROE AND RANDOLPH COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

Actuarial Assumptions (Continued)

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

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

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

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. 45's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 480,169	\$ 400,175	\$ 336,109

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT 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 healthcare cost trend rates

The following table shows the Regional Office of Education No. 45's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<u>1% Decrease*</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase**</u>
Employer's proportionate share of the collective net OPEB liability	\$ 322,956	\$ 400,175	\$ 510,930

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

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

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

At June 30, 2018, the Regional Office of Education No. 45 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 45. The amount recognized by the Regional Office of Education No. 45 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 45 were as follows:

Employer's proportionate share of the net OPEB liability	\$ 400,175
State's proportionate share of the net OPEB liability associated with the employer	<u>525,532</u>
Total	<u><u>\$ 925,707</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 45's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 45's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 45, actuarially determined. At June 30, 2017, the Regional Office of Education's No. 45 proportion was 0.001542 percent, which was a decrease of 0.000088 from its proportion measured as of June 30, 2016 (0.001630 percent). The State's support and total are for disclosure purposes only.

For the year ended June 30, 2018, the Regional Office of Education No. 45 recognized OPEB expense of \$37,292 and revenue of \$37,292 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education No. 45 recognized OPEB expense of \$26,519. At June 30, 2018, the Regional Office of Education No. 45 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 227
Changes of assumptions	-	47,646
Net difference between projected and actual earnings on earnings on OPEB plan investments	-	4
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	21,001
Employer contributions subsequent to the measurement date	2,464	-
Total Deferred Amounts Related to OPEB	\$ 2,464	\$ 68,878

\$2,464 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 45 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 45's OPEB expense as follows:

**MONROE AND RANDOLPH COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

Year Ending June 30,	Net Deferred Inflows of Resources
2019	\$ 10,581
2020	10,581
2021	10,581
2022	10,581
2023	10,580
Thereafter	15,974
Total	\$ 68,878

THIS Fiduciary Net Position

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

B. Health Insurance

Plan Description

The Regional Office of Education No. 45 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

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)

**MONROE AND RANDOLPH COUNTIES
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NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Plan Description (Continued)

Eligibility Provisions (Continued)

Full-Time Employees – IMRF (Continued)

Tier II IMRF Full-Time employees:

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

Full-Time Employees – TRS

Tier I TRS Full-Time employees:

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

Tier II TRS Full-Time employees:

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

Benefits Provided

The Regional Office of Education No. 45 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 45 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 45 offers the Medical PPO Plan to full-time IMRF employees. Retirees pay the full cost of coverage. Eligible spouse or dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse or dependent is responsible for the full cost of the coverage.

Membership

At June 30, 2018 membership consisted of:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	20
 Total	 20

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

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 \$1,331 from other Regional Office of Education No. 45 resources and benefit payments of \$1,331 from other Regional Office of Education No. 45 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Net OPEB Liability

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

Actuarial Assumptions

Discount rate used for the total OPEB liability	3.87%
Long-term expected rate of return on plan assets	N/A. OPEB obligation is unfunded.
High quality 20 year tax-exempt G.O. Bond rates	3.87%
Salary increases	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
Annual blended premium	Premiums charged for coverage of retiree and spouse are \$9,094 and \$9,618, respectively.
Healthcare trend rates	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 7.70% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retiree contribution rates	Same as Healthcare Trend Rates.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at July 1, 2017	\$ 78,882	\$ -	\$ 78,882
Changes for the year:			
Service cost	2,699	-	2,699
Interest	3,027	-	3,027
Actuarial changes	-	-	-
Contributions - employer	-	1,331	(1,331)
Contributions - employees	-	-	-
Net investment income	-	-	-
Benefit payments from trust	(1,331)	(1,331)	-
Administrative expense	-	-	-
Net changes	4,395	-	4,395
Balances at June 30, 2018	\$ 83,277	\$ -	\$ 83,277

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Regional Office of Education No. 45, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

Municipal Bond Rate

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

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 45's total OPEB liability calculated using a discount rate of 3.87%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer Net OPEB Liability	\$ 92,967	\$ 83,277	\$ 74,871

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 45's total OPEB liability, calculated using the healthcare cost trend rates as well as what the Regional Office of Education No. 45'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 7.70% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer Net OPEB Liability	\$ 73,340	\$ 83,277	\$ 94,713

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

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

For the year ending June 30, 2018, the Regional Office of Education No. 45 recognized OPEB expense of \$5,726. At June 30, 2018 the Regional Office of Education No. 45 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for Regional Office of Education No. 45 for the year ended June 30, 2018 was as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental activities:					
Net pension liability	\$1,531,494	\$ -	\$ 574,826	\$ 956,668	N/A
Net OPEB liability*	<u>524,396</u>	<u>-</u>	<u>40,944</u>	<u>483,452</u>	<u>N/A</u>
Governmental activities, long-term liabilities	<u>\$2,055,890</u>	<u>\$ -</u>	<u>\$ 615,770</u>	<u>\$ 1,440,120</u>	<u>N/A</u>

*Restated beginning balance

Payments on the net pension and OPEB liabilities are made by the governmental funds.

11. DISTRIBUTIVE FUND AND SCHOOL FACILITY SALES TAX INTEREST

A written agreement between the Regional Office of Education No. 45's school boards, which receive funds through the Regional Office of Education No. 45, provides for the retention of interest earned on the Distributive Fund and School Facility Sales Tax bank accounts by the Regional Superintendent to be used for the benefit of all of the districts in the region.

12. ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 45:

State of Illinois:	
Regional Superintendent - salary	\$ 110,208
Regional Superintendent - benefits (includes State paid insurance)	33,297
Assistant Regional Superintendent - salary	99,192
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>21,933</u>
	<u>\$ 264,630</u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

12. ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education No. 45 recorded \$258,594 (based on figures for the fiscal year ended June 30, 2017) in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. The Regional Office of Education No. 45 also recorded \$37,292 (based on figures for the fiscal year ended June 30, 2017) in revenue and expenses as on-behalf payments from the State for the Regional Office's share of the State's Teachers' Health Insurance Security (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 45 has not included any on-behalf payments related to the State's TRS pension expenses for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 264,630
On-behalf payments for the Regional Office of Education's share of TRS pension expense	258,594
On-behalf payments for the Regional Office of Education's share of THIS OPEB expense	<u>37,292</u>
Total	<u><u>\$ 560,516</u></u>

13. OPERATING LEASES

The Regional Office of Education No. 45 entered into a one year lease agreement for rental of 107 East Mill Street, Waterloo (Waterloo Regional Office building) beginning December 1, 2016 and terminating November 30, 2017. The Regional Office of Education No. 45 renewed the lease starting December 1, 2017 and terminating November 30, 2018. The lease is payable in monthly installments of \$1,800. The Regional Office of Education No. 45 entered into a one year lease agreement for rental of 2 classrooms and an office located at 6137 Beck Road, Red Bud beginning August 1, 2017 and terminating July 31, 2018. The lease is payable in quarterly installments of \$2,750. Lease expense for the fiscal year ended June 30, 2018 was \$32,600.

14. TRANSFERS

During the year ended June 30, 2018, the Regional Office of Education No. 45 reported the following transfer:

Fund	Transfers in	Transfers out
General Fund	\$ -	\$ 2,325
Education Fund	<u>2,325</u>	<u>-</u>
Totals	<u><u>\$ 2,325</u></u>	<u><u>\$ 2,325</u></u>

The transfer was made to move National School Lunch Program and School Breakfast Program funds from the General Fund to a separate account in the Education Fund as the funding is restricted.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

15. RISK MANAGEMENT

The Regional Office of Education No. 45 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. 45 is covered by commercial insurance to cover these risks. No settlements have exceeded insurance coverage in the current or three previous years.

16. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 45 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 45 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

17. CONTINGENCIES

The Regional Office of Education No. 45 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. 45 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 45's operations.

18. DEFICIT FUND BALANCES

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

Adult Education and Family Literacy	
State Basic	\$ 4,283
State Performance	1,963
Regional Safe Schools	679
Math and Science Partnerships (Making Math Connections 2018)	61,133
Math and Science Partnerships (Making Science Connections 2018)	54,580

The deficit fund balances will be eliminated during the fiscal year ending June 30, 2019 when unavailable revenue is recognized as revenue.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

19. PRIOR PERIOD ADJUSTMENT

The Regional Office of Education No. 45 implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. The Regional Office of Education No. 45 has restated net position of the governmental activities as of June 30, 2017 to present deferred outflows of resources and other postemployment benefits liability.

	<u>Governmental Activities</u>
Net position at June 30, 2017	\$ (227,917)
Recognition of other postemployment benefits liability	(524,396)
Recognition of deferred outflows of resources	<u>2,980</u>
Net position, restated at June 30, 2017	<u><u>\$ (749,333)</u></u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

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

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

Total Pension Liability	2017	2016	2015	2014
Service cost	\$ 37,417	\$ 41,466	\$ 37,862	\$ 44,199
Interest on the total pension liability	230,357	222,175	214,000	200,487
Differences between expected and actual experience of the total pension liability	48,411	34,294	29,763	(15,402)
Changes of assumptions	(95,176)	-	-	121,901
Benefit payments, including refunds of employee contributions	(196,343)	(177,282)	(171,568)	(164,114)
Net change in total pension liability	24,666	120,653	110,057	187,071
Total pension liability - beginning	3,150,892	3,030,239	2,920,182	2,733,111
Total pension liability - ending (A)	3,175,558	3,150,892	3,030,239	2,920,182
Plan Fiduciary Net Position				
Contributions - employer	58,417	83,223	74,683	74,093
Contributions - employees	15,284	16,784	16,491	14,865
Net investment income	467,131	269,564	78,694	171,708
Benefit payments, including refunds of employee contributions	(196,343)	(177,282)	(171,568)	(164,114)
Other (net transfer)	(2,516)	(3,566)	(16,436)	(2,267)
Net change in plan fiduciary net position	341,973	188,723	(18,136)	94,285
Plan fiduciary net position - beginning	2,826,806	2,638,083	2,656,219	2,561,934
Plan fiduciary net position - ending (B)	3,168,779	2,826,806	2,638,083	2,656,219
Net pension liability - ending (A) - (B)	\$ 6,779	\$ 324,086	\$ 392,156	\$ 263,963
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.79%	89.71%	87.06%	90.96%
Covered Valuation Payroll	\$ 339,632	\$ 373,806	\$ 366,453	\$ 330,328
Net Pension Liability as a Percentage of Covered Valuation Payroll	2.00%	86.70%	107.01%	79.91%

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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

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

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

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2017	\$ 58,417	\$ 58,417	\$ -	\$ 339,632	17.20%
2016	83,396	83,223	173	373,806	22.26%
2015	74,683	74,683	-	366,453	20.38%
2014	72,044	74,093	(2,049)	330,328	22.43%

Notes to Schedule:

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

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

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

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

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

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

Other Information:

There were no benefit changes during the year.

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

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

	2017*	2016*	2015*	2014*
Employer's proportion of the net pension liability	0.0012433401%	0.0015296022%	0.0008213755%	0.0009048518%
Employer's proportionate share of the net pension liability	\$ 949,889	\$ 1,207,408	\$ 538,084	\$ 550,677
State's proportionate share of the net pension liability associated with the employer	<u>2,627,581</u>	<u>3,013,143</u>	<u>1,654,931</u>	<u>1,246,578</u>
Total	<u>\$ 3,577,470</u>	<u>\$ 4,220,551</u>	<u>\$ 2,193,015</u>	<u>\$ 1,797,255</u>
Employer's covered payroll	\$ 354,736	\$ 379,610	\$ 255,558	\$ 237,694
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	268%	318%	211%	232%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

Notes to Schedule:

Changes of assumptions

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

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 11,227	\$ 51,225	\$ 59,238	\$ 28,920	\$ 32,285
Contributions in relation to the statutorily-required contribution	<u>11,227</u>	<u>51,225</u>	<u>59,238</u>	<u>28,920</u>	<u>32,285</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Employer's covered payroll	\$ 280,032	\$ 354,736	\$ 379,610	\$ 255,558	\$ 237,694
Contributions as a percentage of covered payroll	4.0%	14.4%	15.6%	11.3%	13.6%

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**TEACHER'S HEALTH INSURANCE SECURITY FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 2,464	\$ 2,980	\$ 3,037
Contributions in relation to the statutorily required contribution	<u>2,464</u>	<u>2,980</u>	<u>3,037</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 280,032	\$ 354,736	\$ 379,610
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

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

	2017*	2016*
Employer's proportion of the collective net OPEB liability	0.001542%	0.001630%
Employer's proportionate share of the collective net OPEB liability	\$ 400,175	\$ 445,514
Employer's covered payroll	\$ 354,736	\$ 379,610
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.81%	117.36%
Plan fiduciary net position as a percentage of the total OPEB liability	(0.17%)	(0.22%)

*The amounts presented 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, information is presented for those years for which information is available.

Notes to Required Supplementary Information

Changes of Benefit Term

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

Changes of Assumptions

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2018

	2018
Actuarially determined contribution	N/A
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	N/A
Employer’s covered payroll	\$ 791,902
Contributions as a percentage of covered payroll	0.0%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Regional Office of Education No. 45 did make contributions from other Regional Office of Education No. 45 resources in the current year in the amount of \$1,331.

This schedule is presented to illustrate the requirements 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE -
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)**

For the years ended June 30, 2018

Total OPEB Liability	<u>2018</u>
Service cost	\$ 2,699
Interest	3,027
Changes in benefit term	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(1,331)</u>
Net change in total OPEB liability	4,395
Total OPEB liability - beginning	<u>78,882</u>
Total OPEB liability - ending (A)	<u>83,277</u>
OPEB Plan Net Position	
Contributions - employer	1,331
Contributions - employees	-
Contributions - other	-
Net investment income	-
Benefit payments	(1,331)
Administrative expense	<u>-</u>
Net change in OPEB plan net position	-
OPEB plan net position - beginning	<u>-</u>
OPEB plan fiduciary net position - ending (B)	<u>-</u>
Employer Net OPEB liability - ending (A) - (B)	<u><u>\$ 83,277</u></u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered Payroll	\$ 791,902
Employer Net OPEB Liability as a Percentage of Covered Payroll	10.52%

This schedule is presented to illustrate the requirements 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.

SUPPLEMENTARY INFORMATION

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Office Account		General State Aid
	Chester	Waterloo	Chester
ASSETS			
Cash and cash equivalents	\$ 105,765	\$ 107,130	\$ 248,577
Accounts receivable	-	1,152	-
Due from other funds	63,839	136,453	-
Due from other governments	4,001	41,955	27,708
Prepaid items	-	8,590	-
Total assets	<u>\$ 173,605</u>	<u>\$ 295,280</u>	<u>\$ 276,285</u>
LIABILITIES			
Accounts payable	\$ -	\$ 4,195	\$ 273
Due to other funds	100,000	3,336	-
Unearned revenue	-	6,000	-
Total liabilities	100,000	13,531	273
FUND BALANCES			
Nonspendable	-	8,590	-
Unassigned	73,605	273,159	276,012
Total fund balances	73,605	281,749	276,012
Total liabilities and fund balances	<u>\$ 173,605</u>	<u>\$ 295,280</u>	<u>\$ 276,285</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	County Account		
	Waterloo	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 160,996	\$ -	\$ 622,468
Accounts receivable	-	-	1,152
Due from other funds	-	(103,336)	96,956
Due from other governments	7,189	-	80,853
Prepaid items	-	-	8,590
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 168,185</u>	<u>\$ (103,336)</u>	<u>\$ 810,019</u>
LIABILITIES			
Accounts payable	\$ 442	\$ -	\$ 4,910
Due to other funds	-	(103,336)	-
Unearned revenue	-	-	6,000
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>442</u>	<u>(103,336)</u>	<u>10,910</u>
FUND BALANCES			
Nonspendable	-	-	8,590
Unassigned	167,743	-	790,519
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>167,743</u>	<u>-</u>	<u>799,109</u>
Total liabilities and fund balances	<u>\$ 168,185</u>	<u>\$ (103,336)</u>	<u>\$ 810,019</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Office Account		General State Aid	County Account		Total
	Chester	Waterloo	Chester	Waterloo		
Revenues:						
Local sources	\$ 392	\$ 182,703	\$ 79,782	\$ 239,867	\$ 502,744	
State sources	-	-	114,256	-	114,256	
On-behalf payments	-	264,630	-	-	264,630	
Interest	2,107	213	70	204	2,594	
Total revenue	2,499	447,546	194,108	240,071	884,224	
Expenditures:						
Salaries	-	107,471	70,430	69,211	247,112	
Benefits	-	8,320	15,425	19,666	43,411	
Purchased services	-	37,182	22,191	36,827	96,200	
Supplies and materials	202	425	222	7,759	8,608	
Other	-	-	-	6,040	6,040	
Pension expense	-	10,502	8,057	10,293	28,852	
OPEB expense	-	3,795	-	-	3,795	
On-behalf payments	-	264,630	-	-	264,630	
Capital outlay	-	-	-	7,890	7,890	
Total expenditures	202	432,325	116,325	157,686	706,538	
Excess of revenues over expenditures	2,297	15,221	77,783	82,385	177,686	
Other financing uses:						
Transfers out	-	-	(2,325)	-	(2,325)	
Net change in fund balances	2,297	15,221	75,458	82,385	175,361	
Fund balances, beginning of year	71,308	266,528	200,554	85,358	623,748	
Fund balances, end of year	\$ 73,605	\$ 281,749	\$ 276,012	\$ 167,743	\$ 799,109	

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

June 30, 2018

	Education Fund		
	Chester	Waterloo	Total
ASSETS			
Cash and cash equivalents	\$ 14,090	\$ 38,940	\$ 53,030
Due from other governments	175,536	36,453	211,989
Total assets	\$ 189,626	\$ 75,393	\$ 265,019
LIABILITIES			
Accounts payable	\$ 34,758	\$ 29,616	\$ 64,374
Due to other funds	60,503	36,453	96,956
Due to other governments	90,824	-	90,824
Unearned revenue	-	9,324	9,324
Total liabilities	186,085	75,393	261,478
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	122,638	-	122,638
FUND BALANCES (DEFICITS)			
Restricted	3,541	-	3,541
Unassigned	(122,638)	-	(122,638)
Total fund balances (deficits)	(119,097)	-	(119,097)
Total liabilities, deferred inflow of resources, and fund balances (deficits)	\$ 189,626	\$ 75,393	\$ 265,019

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	<u>Education Fund</u>		
	<u>Chester</u>	<u>Waterloo</u>	<u>Total</u>
Revenues:			
State sources	\$ 266,763	\$ 257,114	\$ 523,877
Federal sources	780,260	313,897	1,094,157
Interest	15	42	57
	<u>1,047,038</u>	<u>571,053</u>	<u>1,618,091</u>
Total revenues			
Expenditures:			
Instructional services:			
Salaries	183,294	161,674	344,968
Benefits	25,085	21,197	46,282
Purchased services	222,166	105,179	327,345
Supplies and materials	45,645	8,185	53,830
Other	13,541	7,392	20,933
Pension expense	26,851	17,485	44,336
Intergovernmental:			
Payments to other governmental units	601,995	194,222	796,217
Capital outlay	1,626	1,156	2,782
	<u>1,120,203</u>	<u>516,490</u>	<u>1,636,693</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(73,165)	54,563	(18,602)
Other financing sources:			
Transfers in	2,325	-	2,325
	<u>2,325</u>	<u>-</u>	<u>2,325</u>
Net change in fund balances	(70,840)	54,563	(16,277)
Fund balances (deficits), beginning of year	(48,257)	(54,563)	(102,820)
Fund balances (deficits), end of year	<u>\$ (119,097)</u>	<u>\$ -</u>	<u>\$ (119,097)</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Adult Education and Family Literacy		
	Federal Basic	State Basic	State Performance
ASSETS			
Cash and cash equivalents	\$ 1,488	\$ 1,254	\$ 714
Due from other governments	13,407	9,247	3,925
	<u>\$ 14,895</u>	<u>\$ 10,501</u>	<u>\$ 4,639</u>
LIABILITIES			
Accounts payable	\$ 1,488	\$ 574	\$ 714
Due to other funds	13,407	9,927	3,925
Due to other governments	-	-	-
	<u>14,895</u>	<u>10,501</u>	<u>4,639</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	4,283	1,963
FUND BALANCES (DEFICITS)			
Restricted	-	-	-
Unassigned	-	(4,283)	(1,963)
	<u>-</u>	<u>(4,283)</u>	<u>(1,963)</u>
Total fund balances (deficits)	<u>-</u>	<u>(4,283)</u>	<u>(1,963)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 14,895</u>	<u>\$ 10,501</u>	<u>\$ 4,639</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Secretary of State Family Literacy Program	Adult Volunteer Literacy Grant Program	NSLP - Federal Lunch and Breakfast
ASSETS			
Cash and cash equivalents	\$ 829	\$ 820	\$ 3,541
Due from other governments	-	-	-
	<u>\$ 829</u>	<u>\$ 820</u>	<u>\$ 3,541</u>
LIABILITIES			
Accounts payable	\$ 829	\$ 820	\$ -
Due to other funds	-	-	-
Due to other governments	-	-	-
	<u>829</u>	<u>820</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	3,541
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>3,541</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 829</u>	<u>\$ 820</u>	<u>\$ 3,541</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Regional Safe Schools	Pilot Regional Safe Schools Cooperative Education Program	Mathematics and Science Partnerships (Making Math Connections 2017)
ASSETS			
Cash and cash equivalents	\$ 4	\$ 5,440	\$ -
Due from other governments	2,679	6,822	-
Total assets	\$ 2,683	\$ 12,262	\$ -
LIABILITIES			
Accounts payable	\$ 4	\$ 5,440	\$ -
Due to other funds	2,679	6,822	-
Due to other governments	-	-	-
Total liabilities	2,683	12,262	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	679	-	-
FUND BALANCES (DEFICITS)			
Restricted	-	-	-
Unassigned	(679)	-	-
Total fund balances (deficits)	(679)	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 2,683	\$ 12,262	\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Mathematics and Science Partnerships (Making Math Connections 2018)	Mathematics and Science Partnerships (Making Science Connections 2017)	Mathematics and Science Partnerships (Making Science Connections 2018)	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 14,090
Due from other governments	71,375	-	68,081	175,536
Total assets	\$ 71,375	\$ -	\$ 68,081	\$ 189,626
LIABILITIES				
Accounts payable	\$ 12,924	\$ -	\$ 11,965	\$ 34,758
Due to other funds	10,242	-	13,501	60,503
Due to other governments	48,209	-	42,615	90,824
Total liabilities	71,375	-	68,081	186,085
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	61,133	-	54,580	122,638
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	3,541
Unassigned	(61,133)	-	(54,580)	(122,638)
Total fund balances (deficits)	(61,133)	-	(54,580)	(119,097)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 71,375	\$ -	\$ 68,081	\$ 189,626

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Adult Education and Family Literacy		
	Federal Basic	State Basic	State Performance
Revenues:			
State sources	\$ -	\$ 56,241	\$ 25,547
Federal sources	22,860	-	-
Interest	-	6	2
Total revenues	22,860	56,247	25,549
Expenditures:			
Instructional services:			
Salaries	14,109	31,472	17,665
Benefits	2,175	4,113	2,663
Purchased services	930	4,550	2,416
Supplies and materials	1,494	1,393	724
Other	-	12,594	2
Pension expense	2,526	6,408	4,042
Intergovernmental:			
Payments to other governmental units	-	-	-
Capital outlay	1,626	-	-
Total expenditures	22,860	60,530	27,512
Excess (deficiency) of revenues over (under) expenditures	-	(4,283)	(1,963)
Other financing sources:			
Transfers in	-	-	-
Net change in fund balances	-	(4,283)	(1,963)
Fund balances (deficits), beginning of year	-	-	-
Fund balances (deficits), end of year	\$ -	\$ (4,283)	\$ (1,963)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Secretary of State Family Literacy Program	Adult Volunteer Literacy Grant Program	NSLP - Federal Lunch and Breakfast
Revenues:			
State sources	\$ 28,000	\$ 25,000	\$ -
Federal sources	-	-	14,095
Interest	5	1	-
	<u>28,005</u>	<u>25,001</u>	<u>14,095</u>
Total revenues			
Expenditures:			
Instructional services:			
Salaries	17,249	12,918	-
Benefits	2,345	1,540	-
Purchased services	1,799	3,754	12,878
Supplies and materials	4,589	3,739	-
Other	5	1	1
Pension expense	2,018	3,049	-
Intergovernmental:			-
Payments to other governmental units	-	-	-
Capital outlay	-	-	-
	<u>28,005</u>	<u>25,001</u>	<u>12,879</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	-	-	1,216
Other financing sources:			
Transfers in	-	-	2,325
	<u>-</u>	<u>-</u>	<u>2,325</u>
Net change in fund balances	-	-	3,541
Fund balances (deficits), beginning of year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,541</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Regional Safe Schools	Pilot Regional Safe Schools Cooperative Education Program	Mathematics and Science Partnerships (Making Math Connections 2017)
Revenues:			
State sources	\$ 80,580	\$ 51,395	\$ -
Federal sources	-	-	195,905
Interest	-	1	-
	80,580	51,396	195,905
Total revenues	80,580	51,396	195,905
Expenditures:			
Instructional services:			
Salaries	26,376	-	11,463
Benefits	5,066	-	1,135
Purchased services	21,008	60	35,495
Supplies and materials	844	4,221	12,901
Other	-	938	-
Pension expense	385	-	1,016
Intergovernmental:			
Payments to other governmental units	-	25,500	133,895
Capital outlay	-	-	-
	53,679	30,719	195,905
Total expenditures	53,679	30,719	195,905
Excess (deficiency) of revenues over (under) expenditures	26,901	20,677	-
Other financing sources:			
Transfers in	-	-	-
	-	-	-
Net change in fund balances	26,901	20,677	-
Fund balances (deficits), beginning of year	(27,580)	(20,677)	-
Fund balances (deficits), end of year	\$ (679)	\$ -	\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Mathematics and Science Partnerships (Making Math Connections 2018)	Mathematics and Science Partnerships (Making Science Connections 2017)	Mathematics and Science Partnerships (Making Science Connections 2018)	Total
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ 266,763
Federal sources	172,903	205,093	169,404	780,260
Interest	-	-	-	15
Total revenues	172,903	205,093	169,404	1,047,038
Expenditures:				
Instructional services:				
Salaries	22,767	7,051	22,224	183,294
Benefits	2,671	798	2,579	25,085
Purchased services	34,011	72,179	33,086	222,166
Supplies and materials	1,654	11,649	2,437	45,645
Other	-	-	-	13,541
Pension expense	3,234	998	3,175	26,851
Intergovernmental:				
Payments to other governmental units	169,699	112,418	160,483	601,995
Capital outlay	-	-	-	1,626
Total expenditures	234,036	205,093	223,984	1,120,203
Excess (deficiency) of revenues over (under) expenditures	(61,133)	-	(54,580)	(73,165)
Other financing sources:				
Transfers in	-	-	-	2,325
Net change in fund balances	(61,133)	-	(54,580)	(70,840)
Fund balances (deficits), beginning of year	-	-	-	(48,257)
Fund balances (deficits), end of year	\$ (61,133)	\$ -	\$ (54,580)	\$ (119,097)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
ADULT EDUCATION AND FAMILY LITERACY - FEDERAL BASIC
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 22,860	\$ 22,860	\$ 22,860
Expenditures:			
Salaries	15,535	15,535	14,109
Benefits	4,793	4,793	2,175
Purchased services	1,250	1,250	930
Supplies and materials	1,282	1,282	1,494
Pension expense	-	-	2,526
Capital outlay	-	-	1,626
Total expenditures	22,860	22,860	22,860
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE**

**ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC - FY17
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 31,420	\$ 31,420	\$ 31,420
Interest	-	-	4
	31,420	31,420	31,424
Total revenues			
Expenditures:			
Salaries	21,600	21,328	11,991
Benefits	3,829	3,953	1,053
Purchased services	2,400	2,998	3,000
Supplies and materials	3,591	3,141	817
Other	-	-	12,592
Pension expense	-	-	1,971
	31,420	31,420	31,424
Total expenditures			
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, December 31, 2017			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE**

**ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC - FY18
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 29,785	\$ 29,785	\$ 24,821
Interest	-	-	2
	29,785	29,785	24,823
Expenditures:			
Salaries	20,201	20,201	19,481
Benefits	5,999	5,999	3,060
Purchased services	2,550	2,550	1,550
Supplies and materials	1,035	1,035	576
Other	-	-	2
Pension expense	-	-	4,437
	29,785	29,785	29,106
Net change in fund balances	\$ -	\$ -	(4,283)
Fund balance, January 1, 2018			-
Fund balance (deficit), end of year			\$ (4,283)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE**

**ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE - FY17
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 15,735	\$ 15,735	\$ 15,735
Interest	-	-	2
	15,735	15,735	15,737
Total revenues			
Expenditures:			
Salaries	10,000	10,000	10,442
Benefits	4,472	4,233	1,292
Purchased services	963	1,340	1,670
Supplies and materials	300	162	21
Other	-	-	2
Pension expense	-	-	2,310
	15,735	15,735	15,737
Total expenditures			
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, December 31, 2017			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE**

**ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE - FY18
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 11,775	\$ 11,775	\$ 9,812
Expenditures:			
Salaries	7,000	7,000	7,223
Benefits	3,051	3,051	1,371
Purchased services	1,524	1,524	746
Supplies and materials	200	200	703
Pension expense	-	-	1,732
	11,775	11,775	11,775
Total expenditures			
Net change in fund balances	\$ -	\$ -	(1,963)
Fund balance, January 1, 2018			-
Fund balance (deficit), end of year			\$ (1,963)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
SECRETARY OF STATE FAMILY LITERACY PROGRAM
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 28,000	\$ 28,000	\$ 28,000
Interest	-	-	5
	28,000	28,000	28,005
Total revenues			
Expenditures:			
Salaries	21,550	17,550	17,249
Benefits	3,524	3,727	2,345
Purchased services	1,326	1,273	1,799
Supplies and materials	1,600	5,450	4,589
Other	-	-	5
Pension expense	-	-	2,018
	28,000	28,000	28,005
Total expenditures			
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
ADULT VOLUNTEER LITERACY GRANT PROGRAM
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 25,000	\$ 25,000	\$ 25,000
Interest	-	-	1
	25,000	25,000	25,001
Expenditures:			
Salaries	14,750	14,750	12,918
Benefits	5,344	5,344	1,540
Purchased services	3,072	3,072	3,754
Supplies and materials	1,834	1,834	3,739
Other	-	-	1
Pension expense	-	-	3,049
	25,000	25,000	25,001
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
REGIONAL SAFE SCHOOLS PROGRAM - PROJECT #17-3696-00
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 53,580	\$ 53,580	\$ 27,580
Expenditures:			
Salaries	38,220	38,220	-
Benefits	8,022	8,022	-
Purchased services	4,439	4,439	-
Supplies and materials	2,899	2,899	-
Total expenditures	53,580	53,580	-
Net change in fund balances	\$ -	\$ -	27,580
Fund balance (deficit), beginning of year			(27,580)
Fund balance, July 1, 2017			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
REGIONAL SAFE SCHOOLS PROGRAM - PROJECT #18-3696-00
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 53,679	\$ 53,679	\$ 53,000
Expenditures:			
Salaries	26,350	26,350	26,376
Benefits	5,156	5,156	5,066
Purchased services	21,335	21,335	21,008
Supplies and materials	838	838	844
Pension expense	-	-	385
Total expenditures	53,679	53,679	53,679
Net change in fund balances	\$ -	\$ -	(679)
Fund balance, July 1, 2017			-
Fund balance (deficit), end of year			\$ (679)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
PILOT REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM –
PROJECT #17-3999-RS
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 36,832	\$ 36,832	\$ 20,682
Expenditures:			
Salaries	24,200	12,550	-
Benefits	3,559	2,014	-
Purchased services	2,000	560	-
Supplies and materials	7,073	108	5
Intergovernmental:			
Payments to other governmental units	-	21,600	-
Total expenditures	36,832	36,832	5
Net change in fund balances	\$ -	\$ -	20,677
Fund balance (deficit), beginning of year			(20,677)
Fund balance, August 31, 2017			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
PILOT REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM –
PROJECT #18-3999-RS
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 36,216	\$ 36,216	\$ 30,713
Interest	-	-	1
	36,216	36,216	30,714
Total revenues			
Expenditures:			
Purchased services	8,900	8,900	60
Supplies and materials	3,216	3,216	4,216
Other	-	-	938
Intergovernmental:			
Payments to other governmental units	24,100	24,100	25,500
	36,216	36,216	30,714
Total expenditures			
Net change in fund balances	\$ -	\$ -	-
Fund balance, September 1, 2017			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
MATHEMATICS AND SCIENCE PARTNERSHIPS
(MAKING MATH CONNECTIONS) – PROJECT #17-4936-7M
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 195,905
Expenditures:			
Salaries	18,600	23,250	11,463
Benefits	9,435	9,435	1,135
Purchased services	60,425	49,941	35,495
Supplies and materials	12,035	21,283	12,901
Pension expense	-	-	1,016
Intergovernmental:			
Payments to other governmental units	149,505	146,091	133,895
Total expenditures	250,000	250,000	195,905
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
MATHEMATICS AND SCIENCE PARTNERSHIPS
(MAKING MATH CONNECTIONS) – PROJECT #18-4936-7M
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 172,903
Expenditures:			
Salaries	24,297	24,297	22,767
Benefits	6,470	6,470	2,671
Purchased services	36,470	36,470	34,011
Supplies and materials	2,507	2,507	1,654
Pension expense	-	-	3,234
Intergovernmental:			
Payments to other governmental units	180,256	180,256	169,699
Total expenditures	250,000	250,000	234,036
Net change in fund balances	\$ -	\$ -	(61,133)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (61,133)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
MATHEMATICS AND SCIENCE PARTNERSHIPS
(MAKING SCIENCE CONNECTIONS) – PROJECT #17-4936-7S
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 205,093
Expenditures:			
Salaries	15,540	16,540	7,051
Benefits	7,647	7,647	798
Purchased services	88,925	86,094	72,179
Supplies and materials	14,383	19,914	11,649
Pension expense	-	-	998
Intergovernmental:			
Payments to other governmental units	123,505	119,805	112,418
Total expenditures	250,000	250,000	205,093
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
MATHEMATICS AND SCIENCE PARTNERSHIPS
(MAKING SCIENCE CONNECTIONS) – PROJECT #18-4936-7S
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 169,404
Expenditures:			
Salaries	26,347	26,347	22,224
Benefits	6,490	6,490	2,579
Purchased services	37,970	37,970	33,086
Supplies and materials	3,937	3,937	2,437
Pension expense	-	-	3,175
Intergovernmental:			
Payments to other governmental units	175,256	175,256	160,483
Total expenditures	250,000	250,000	223,984
Net change in fund balances	\$ -	\$ -	(54,580)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (54,580)

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Title I School Improvement System of Support	McKinney Vento Education for Homeless Children	ROE/ISC Operations	Title II Teacher Quality Leadership
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 2,538	\$ -
Due from other governments	27,184	8,286	-	983
Total assets	<u>\$ 27,184</u>	<u>\$ 8,286</u>	<u>\$ 2,538</u>	<u>\$ 983</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,283	\$ -
Due to other funds	27,184	8,286	-	983
Unearned revenue	-	-	1,255	-
Total liabilities	27,184	8,286	2,538	983
FUND BALANCES				
Unassigned	-	-	-	-
Total liabilities and fund balances	<u>\$ 27,184</u>	<u>\$ 8,286</u>	<u>\$ 2,538</u>	<u>\$ 983</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Truants Alternative Optional Education	Mathematics and Science Partnerships (Math 2017)	Mathematics and Science Partnerships (Science 2017)	Total
ASSETS				
Cash and cash equivalents	\$ 36,402	\$ -	\$ -	\$ 38,940
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,453</u>
Total assets	<u>\$ 36,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,393</u>
LIABILITIES				
Accounts payable	\$ 28,333	\$ -	\$ -	\$ 29,616
Due to other funds	-	-	-	36,453
Unearned revenue	<u>8,069</u>	<u>-</u>	<u>-</u>	<u>9,324</u>
Total liabilities	36,402	-	-	75,393
FUND BALANCES				
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 36,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,393</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Title I School Improvement System of Support	McKinney Vento Education for Homeless Children	ROE/ISC Operations	Title II Teacher Quality Leadership
Revenues:				
State sources	\$ -	\$ -	\$ 93,589	\$ -
Federal sources	81,082	24,289	-	983
Interest	-	-	33	-
	81,082	24,289	93,622	983
Total revenues	81,082	24,289	93,622	983
Expenditures:				
Instructional services:				
Salaries	38,776	16,680	49,572	-
Benefits	4,198	296	9,925	-
Purchased services	10,351	1,616	18,771	983
Supplies and materials	64	5,549	552	-
Other	-	-	7,392	-
Pension expense	4,357	148	6,254	-
Intergovernmental:				
Payments to other governmental units	23,336	-	-	-
Capital outlay	-	-	1,156	-
	81,082	24,289	93,622	983
Total expenditures	81,082	24,289	93,622	983
Net change in fund balances	-	-	-	-
Fund balances (deficits), beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Truants Alternative Optional Education	Mathematics and Science Partnerships (Math 2017)	Mathematics and Science Partnerships (Science 2017)	Total
Revenues:				
State sources	\$ 163,525	\$ -	\$ -	\$ 257,114
Federal sources	-	104,327	103,216	313,897
Interest	9	-	-	42
	163,534	104,327	103,216	571,053
Total revenues				
Expenditures:				
Instructional services:				
Salaries	38,200	9,324	9,122	161,674
Benefits	4,391	1,227	1,160	21,197
Purchased services	45,443	9,635	18,380	105,179
Supplies and materials	962	843	215	8,185
Other	-	-	-	7,392
Pension expense	4,142	1,145	1,439	17,485
Intergovernmental:				
Payments to other governmental units	15,833	82,153	72,900	194,222
Capital outlay	-	-	-	1,156
	108,971	104,327	103,216	516,490
Total expenditures				
Net change in fund balances	54,563	-	-	54,563
Fund balances (deficits), beginning of year	(54,563)	-	-	(54,563)
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
TITLE I SCHOOL IMPROVEMENT SYSTEM OF SUPPORT - FY17
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	\$ 70,000	\$ 70,000	\$ 6,092
Expenditures:			
Salaries	33,514	33,514	3,138
Benefits	13,773	13,773	835
Purchased services	4,928	4,928	119
Supplies and materials	1,785	1,785	-
Intergovernmental:			
Payments to other governmental units	16,000	16,000	2,000
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>6,092</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, August 31, 2017			<u><u>\$ -</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
TITLE I SCHOOL IMPROVEMENT SYSTEM OF SUPPORT - FY18
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	\$ 95,000	\$ 86,500	\$ 74,990
Expenditures:			
Salaries	45,907	38,943	35,638
Benefits	21,972	8,563	3,363
Purchased services	8,690	9,690	10,232
Supplies and materials	2,431	1,104	64
Pension expense	-	-	4,357
Intergovernmental:			
Payments to other governmental units	16,000	28,200	21,336
Total expenditures	<u>95,000</u>	<u>86,500</u>	<u>74,990</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, September 1, 2017			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 20,649	\$ 25,000	\$ 24,289
Expenditures:			
Salaries	13,555	16,680	16,680
Benefits	365	431	296
Purchased services	4,227	4,503	1,616
Supplies and materials	2,502	3,386	5,549
Pension expense	-	-	148
Total expenditures	20,649	25,000	24,289
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
ROE/ISC OPERATIONS - PROJECT #18-3730-00
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 94,844	\$ 105,227	\$ 93,589
Interest	-	-	33
	94,844	105,227	93,622
Total revenues			
Expenditures:			
Salaries	52,029	54,697	49,572
Benefits	16,297	16,375	9,925
Purchased services	17,618	24,755	18,771
Supplies and materials	700	700	552
Other	7,400	7,900	7,392
Pension expense	-	-	6,254
Capital outlay	800	800	1,156
	94,844	105,227	93,622
Total expenditures			
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**TITLE II TEACHER QUALITY - LEADERSHIP GRANT - PROJECT #18-4935-02
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 983	\$ 983	\$ 983
Expenditures:			
Purchased services	983	983	983
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #17-3695-15
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 141,399	\$ 141,399	\$ 70,599
Expenditures:			
Salaries	88,100	88,100	3,836
Benefits	16,818	16,818	710
Purchased services	8,303	8,303	2,526
Supplies and materials	583	583	661
Pension expense	-	-	803
Intergovernmental:			
Payments to other governmental units	27,595	27,595	7,500
Total expenditures	141,399	141,399	16,036
Net change in fund balances	\$ -	\$ -	54,563
Fund balance (deficit), beginning of year			(54,563)
Fund balance, August 31, 2017			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #18-3695-15
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 141,399	\$ 141,399	\$ 92,926
Interest	-	-	9
Total revenues	<u>141,399</u>	<u>141,399</u>	<u>92,935</u>
Expenditures:			
Salaries	41,580	41,580	34,364
Benefits	10,213	10,213	3,681
Purchased services	54,096	54,096	42,917
Supplies and materials	630	630	301
Pension expense	-	-	3,339
Intergovernmental:			
Payments to other governmental units	<u>34,880</u>	<u>34,880</u>	<u>8,333</u>
Total expenditures	<u>141,399</u>	<u>141,399</u>	<u>92,935</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, September 1, 2017			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**MATHEMATICS AND SCIENCE PARTNERSHIPS (MATH 2017) - PROJECT #17-4936-MA
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 104,327
Expenditures:			
Salaries	68,926	69,726	9,324
Benefits	34,165	34,403	1,227
Purchased services	16,887	19,590	9,635
Supplies and materials	1,722	4,071	843
Pension expense	-	-	1,145
Intergovernmental:			
Payments to other governmental units	128,300	122,210	82,153
Total expenditures	250,000	250,000	104,327
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**MATHEMATICS AND SCIENCE PARTNERSHIPS (SCIENCE 2017) - PROJECT #17-4936-SA
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 103,216
Expenditures:			
Salaries	69,529	73,029	9,122
Benefits	34,715	37,377	1,160
Purchased services	33,186	29,594	18,380
Supplies and materials	1,350	5,080	215
Pension expense	-	-	1,439
Intergovernmental:			
Payments to other governmental units	111,220	104,920	72,900
Total expenditures	250,000	250,000	103,216
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Teacher's Institute Fund	Bus Driver Permit Fund	General Education Development Fund	Total
ASSETS				
Cash and cash equivalents	\$ 57,703	\$ 9,577	\$ 22,929	\$ 90,209
Accounts receivable	-	-	189	189
Total assets	\$ 57,703	\$ 9,577	\$ 23,118	\$ 90,398
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted	57,703	9,577	23,118	90,398
Total liabilities and fund balances	\$ 57,703	\$ 9,577	\$ 23,118	\$ 90,398

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Teacher's Institute Fund	Bus Driver Permit Fund	General Education Development Fund	Total
Revenues:				
Local sources	\$ 26,340	\$ 2,400	\$ 4,227	\$ 32,967
State sources	-	1,215	-	1,215
Interest	108	17	39	164
	<u>26,448</u>	<u>3,632</u>	<u>4,266</u>	<u>34,346</u>
Total revenues	26,448	3,632	4,266	34,346
Expenditures:				
Salaries	6,000	-	400	6,400
Benefits	1,764	-	128	1,892
Purchased services	399	800	109	1,308
Supplies and materials	-	38	90	128
Other	136	-	-	136
Pension expense	1,295	-	84	1,379
	<u>9,594</u>	<u>838</u>	<u>811</u>	<u>11,243</u>
Total expenditures	9,594	838	811	11,243
Net change in fund balances	16,854	2,794	3,455	23,103
Fund balances, beginning of year	<u>40,849</u>	<u>6,783</u>	<u>19,663</u>	<u>67,295</u>
Fund balances, end of year	<u>\$ 57,703</u>	<u>\$ 9,577</u>	<u>\$ 23,118</u>	<u>\$ 90,398</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Distributive Fund	Area V Trail	State Trail	Connecting Conference	The Maidez Center	School Facility Sales Tax	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 49,490	\$ 34,011	\$ 33,726	\$ 72,565	\$ 440,182	\$ 629,974
Investments	-	-	-	-	2,163	-	2,163
Due from other governments	137,466	19,525	400	-	-	1,310,033	1,467,424
Total assets	<u>\$ 137,466</u>	<u>\$ 69,015</u>	<u>\$ 34,411</u>	<u>\$ 33,726</u>	<u>\$ 74,728</u>	<u>\$ 1,750,215</u>	<u>\$ 2,099,561</u>
LIABILITIES							
Due to other governments	<u>\$ 137,466</u>	<u>\$ 69,015</u>	<u>\$ 34,411</u>	<u>\$ 33,726</u>	<u>\$ 74,728</u>	<u>\$ 1,750,215</u>	<u>\$ 2,099,561</u>
Total liabilities	<u>\$ 137,466</u>	<u>\$ 69,015</u>	<u>\$ 34,411</u>	<u>\$ 33,726</u>	<u>\$ 74,728</u>	<u>\$ 1,750,215</u>	<u>\$ 2,099,561</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,459,893	\$ 3,459,893	\$ -
Due from other governments	551,490	137,466	551,490	137,466
Total assets	\$ 551,490	\$ 3,597,359	\$ 4,011,383	\$ 137,466
LIABILITIES				
Due to other governments	\$ 551,490	\$ 3,597,359	\$ 4,011,383	\$ 137,466
Total liabilities	\$ 551,490	\$ 3,597,359	\$ 4,011,383	\$ 137,466
<u>AREA V TRAIL</u>				
ASSETS				
Cash and cash equivalents	\$ 33,097	\$ 91,502	\$ 75,109	\$ 49,490
Due from other governments	12,769	19,525	12,769	19,525
Total assets	\$ 45,866	\$ 111,027	\$ 87,878	\$ 69,015
LIABILITIES				
Due to other governments	\$ 45,866	\$ 111,027	\$ 87,878	\$ 69,015
Total liabilities	\$ 45,866	\$ 111,027	\$ 87,878	\$ 69,015
<u>STATE TRAIL</u>				
ASSETS				
Cash and cash equivalents	\$ 27,540	\$ 9,119	\$ 2,648	\$ 34,011
Due from other governments	1,640	400	1,640	400
Total assets	\$ 29,180	\$ 9,519	\$ 4,288	\$ 34,411
LIABILITIES				
Due to other governments	\$ 29,180	\$ 9,519	\$ 4,288	\$ 34,411
Total liabilities	\$ 29,180	\$ 9,519	\$ 4,288	\$ 34,411

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>CONNECTING CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 27,222	\$ 10,379	\$ 3,875	\$ 33,726
Total assets	\$ 27,222	\$ 10,379	\$ 3,875	\$ 33,726
LIABILITIES				
Due to other governments	\$ 27,222	\$ 10,379	\$ 3,875	\$ 33,726
Total liabilities	\$ 27,222	\$ 10,379	\$ 3,875	\$ 33,726
<u>THE MAIDEZ CENTER</u>				
ASSETS				
Cash and cash equivalents	\$ 73,792	\$ 56,188	\$ 57,415	\$ 72,565
Investments	-	2,163	-	2,163
Total assets	\$ 73,792	\$ 58,351	\$ 57,415	\$ 74,728
LIABILITIES				
Due to other governments	\$ 73,792	\$ 58,351	\$ 57,415	\$ 74,728
Total liabilities	\$ 73,792	\$ 58,351	\$ 57,415	\$ 74,728
<u>SCHOOL FACILITY</u>				
<u>SALES TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 408,700	\$ 5,084,750	\$ 5,053,268	\$ 440,182
Due from other governments	1,242,899	1,310,033	1,242,899	1,310,033
Total assets	\$ 1,651,599	\$ 6,394,783	\$ 6,296,167	\$ 1,750,215
LIABILITIES				
Due to other governments	\$ 1,651,599	\$ 6,394,783	\$ 6,296,167	\$ 1,750,215
Total liabilities	\$ 1,651,599	\$ 6,394,783	\$ 6,296,167	\$ 1,750,215

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>TOTAL</u>				
ASSETS				
Cash and cash equivalents	\$ 570,351	\$ 8,711,831	\$ 8,652,208	\$ 629,974
Investments	-	2,163	-	2,163
Due from other governments	1,808,798	1,467,424	1,808,798	1,467,424
Total assets	\$ 2,379,149	\$ 10,181,418	\$ 10,461,006	\$ 2,099,561
LIABILITIES				
Due to other governments	\$ 2,379,149	\$ 10,181,418	\$ 10,461,006	\$ 2,099,561
Total liabilities	\$ 2,379,149	\$ 10,181,418	\$ 10,461,006	\$ 2,099,561

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND**

For the year ended June 30, 2018

	ROE #45	Career Center of Southern Illinois	Mental Health	Chester NHSD 122	OKAW Regional Voc System-EFE	Total
State Funds						
General State Aid - Sec. 18-8	\$ 84,766	\$ 455,108	\$ -	\$ 197,386	\$ -	\$ 737,260
Funding for Children Requiring Special Education Services	-	-	-	3,110	-	3,110
Special Education - Summer School	-	-	-	636	-	636
Career & Technical Education						
Improvement (CTEI)	-	-	-	-	652,991	652,991
State Free Lunch & Breakfast	270	764	-	-	-	1,034
Transportation - Regular and Vocational	-	100,506	-	33,676	-	134,182
Transportation - Special Education	-	-	-	4,882	-	4,882
ROE School Bus Driver Training	1,215	-	-	-	-	1,215
Truants Alternative/Optional Education	242,394	-	-	-	-	242,394
Regional Safe Schools	94,580	-	-	-	-	94,580
ROE/ISC Operations	94,844	-	-	-	-	94,844
Other State Programs	94,950	-	-	-	-	94,950
Total State Funds	613,019	556,378	-	239,690	652,991	2,062,078

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES (Concluded)
DISTRIBUTIVE FUND**

For the year ended June 30, 2018

	ROE #45	Career Center of Southern Illinois	Mental Health	Chester NHSD 122	OKAW Regional Voc System-EFE	Total
Federal Funds						
National School Lunch Program	8,762	29,266	-	-	-	38,028
School Breakfast Program	5,333	16,035	-	-	-	21,368
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	36,058	-	-	36,058
Fed. - Sp. Ed. - IDEA - Flow Through	-	-	52,502	-	-	52,502
CTE - Perkins - DHS Education	-	-	152,649	-	-	152,649
CTE - Perkins - Secondary	-	-	-	-	93,598	93,598
Title II - Teacher Quality	-	325	-	-	-	325
Title II - Teacher Quality - Leadership	1,967	-	-	-	-	1,967
Mathematics & Science Partnerships	1,001,320	-	-	-	-	1,001,320
Total Federal Funds	<u>1,017,382</u>	<u>45,626</u>	<u>241,209</u>	<u>-</u>	<u>93,598</u>	<u>1,397,815</u>
Total Distributions	<u>\$ 1,630,401</u>	<u>\$ 602,004</u>	<u>\$ 241,209</u>	<u>\$ 239,690</u>	<u>\$ 746,589</u>	<u>\$ 3,459,893</u>

FEDERAL COMPLIANCE SECTION

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
<i>Passed through Illinois State Board of Education</i>				
Improving Teacher Quality State Grants				
Title II - Teacher Quality Leadership Grant				
	84.367A	18-4935-02		\$ 983
(M)	Mathematics and Science Partnerships	84.366B	17-4936-MA	104,327
(M)	Mathematics and Science Partnerships	84.366B	17-4936-SA	103,216
(M)	Mathematics and Science Partnerships	84.366B	17-4936-7M	195,905
(M)	Mathematics and Science Partnerships	84.366B	17-4936-7S	205,093
(M)	Mathematics and Science Partnerships	84.366B	18-4936-7M	234,036
(M)	Mathematics and Science Partnerships	84.366B	18-4936-7S	223,984
				<u>1,066,561</u>
 <i>Passed through Illinois Community College Board</i>				
Adult Education - Basic Grants to States				
Adult Education and Family Literacy - Federal Basic				
	84.002	522AD18		<u>22,860</u>
 <i>Passed through Regional Office of Education #3</i>				
Education for Homeless Children and Youth				
McKinney Education for Homeless Children				
	84.196A	18-4920-00		<u>24,289</u>
 <i>Passed through Regional Office of Education #50</i>				
Title I Grants to Local Educational Agencies				
Title I - School Improvement and Accountability				
	84.010A	17-4331-SS		6,092
Title I - School Improvement and Accountability				
	84.010A	18-4331-SS		74,990
				<u>81,082</u>
Total U.S. Department of Education			-	<u>1,195,775</u>
 (M) Program was audited as a major program				

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
For the year ended June 30, 2018**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:				
<i>Passed through Illinois State Board of Education</i>				
Child Nutrition Cluster				
National School Lunch Program	10.555	17-4210-00		1,436
National School Lunch Program	10.555	18-4210-00		5,764
Total National School Lunch Program				<u>7,200</u>
School Breakfast Program	10.553	17-4220-00		889
School Breakfast Program	10.553	18-4220-00		4,790
Total School Breakfast Program				<u>5,679</u>
Total Child Nutrition Cluster				<u>12,879</u>
Total U.S. Department of Agriculture				<u>12,879</u>
TOTAL			<u>\$ -</u>	<u>\$ 1,208,654</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Regional Office of Education No. 45 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Regional Office of Education No. 45, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional Office of Education No. 45.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Regional Office of Education No. 45 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.