

State of Illinois
WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56

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**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56**

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Dr. Shawn T. Walsh

Assistant Regional Superintendent
(Current and During the Audit Period)

Mr. Frank Perucca

Office is located at:

702 West Maple Street
New Lenox, Illinois 60451

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

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 on internal controls do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

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

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	13	Failure to Fully Insure and Collateralize Cash Balances	Significant Deficiency
2018-002	14	Recording Obligations	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2017-001	18	Controls over Financial Statement Preparation
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

COMPLIANCE REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel in an informal exit conference call on July 15, 2019. Present were Dr. Shawn Walsh, Regional Superintendent; Kate Schwab, Will County Regional Office of Education; Trineicia Tisdale, Will County Regional Office of Education; Michael Morrissey, McGreal & Company; and Colleen Porter, McGreal & Company. The Regional Office's responses to the recommendations and corrective action plans were provided by Dr. Shawn Walsh, Regional Superintendent, on July 17, 2019.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Will County Regional Office of Education #56 was performed by McGreal & Company, PC.

Based on their audit, the auditors expressed an unmodified opinion on the Will County Regional Office of Education #56's basic financial statements.

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 Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56, 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 to the financial statements, in the year ended June 30, 2018, the Will County Regional Office of Education No. 56 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 Management's Discussion and Analysis, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer's Contributions, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer's Contributions, Teacher's Health Insurance Security Fund Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, Teacher's Health Insurance Security Fund Schedule of the Employer's Contributions, Health Insurance Plan Schedule of Changes in the Net OPEB Liability and Related Ratios and Health Insurance Plan Schedule of Employer's Contributions on pages 20 through 27 and 83 through 88 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 Will County Regional Office of Education No. 56's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration 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 basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, 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, the budgetary comparison schedules, the combining fund financial statements, 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 August 15, 2019 on our consideration of the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control over financial reporting and compliance.

Signed Original On File

Oak Lawn, Illinois
August 15, 2019

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Will County Regional Office of Education No. 56's basic financial statements, and have issued our report thereon dated August 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control. Accordingly, we do not express an opinion on the effectiveness of Will County Regional Office of Education No. 56's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questions Costs as item 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Will County Regional Office of Education No. 56's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education No. 56's Responses to Findings

The Regional Office of Education No 56's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Regional Office of Education No 56'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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Signed Original On File

Oak Lawn, Illinois
August 15, 2019

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Will County Regional Office of Education No. 56'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 Regional Office of Education No. 56's major federal programs for the year ended June 30, 2018. The Will County Regional Office of Education No. 56's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's compliance.

Opinion on Each Major Federal Program

In our opinion, the Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56 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 the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56'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 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.

Signed Original On File

Oak Lawn, Illinois
August 15, 2019

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

**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 weaknesses identified?	Yes
● Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
● Material weakness(es) identified?	No
● Significant deficiency(ies) identified?	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)?	No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	Title I – School Improvement and Accountability
84.196A	McKinney Education for Homeless Children

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?	No
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**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

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

Finding No. 2018-001 – Failure to Fully Insure and Collateralize Cash Balances

CRITERIA / SPECIFIC REQUIREMENT:

The Public Funds Deposit Act (30 ILCS 225/1) gives the Will County Regional Office of Education No. 56 (ROE) the authorization to request financial institutions to pledge collateral for deposits in excess of the federally insured limit. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

CONDITION:

As of June 30, 2018, the ROE had a total of four cash accounts between the ROE and its Professional Development Alliance with bank balances totaling \$4,405,577 at one financial institution. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$250,000 per entity. The ROE had pledged securities for an additional \$3,738,152. The ROE did not have depository insurance or collateral for the remaining \$167,425.

EFFECT:

Failure to fully insure and collateralize the full amount of cash and investment balances may result in monetary losses to the ROE in the event of a bank failure.

CAUSE:

According to ROE officials, the accounts for the Professional Development Alliance (PDA) were coded as non-profit by the bank and were not included under the collateral report for FY18.

AUDITOR’S RECOMMENDATION:

The ROE should monitor the bank balances on all accounts and work with the financial institution to provide collateral or enter into an agreement with the financial institution to have the cash balances monitored for adequate collateral periodically and adjusted as necessary.

MANAGEMENT’S RESPONSE:

The accounts for the Professional Development Alliance were coded as non-profit by the bank and were not included under the collateral report for FY18. The bank now has included the PDA under the ROE’s collateral report. The Will County ROE has contacted the bank to request a monthly, quarterly, and yearly Letters of Collateral for all bank accounts to ensure adequate collateral.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

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

Finding No. 2018-002 – Recording Obligations

CRITERIA / SPECIFIC REQUIREMENT:

Generally Accepted Accounting Principles require obligations at year end to be recorded as a liability to the entity.

CONDITION:

The Will County Regional Office of Education No. 56 (ROE) prepared and recorded electronic fund transfers for their July 15, 2018, July 31, 2018 and August 15, 2018 pay periods prior to June 30, 2018, but did not disburse the funds to the employees until the appropriate pay dates. The ROE posted the payroll expenditures for these pay periods to their general ledger prior to June 30, 2018 as a reduction of cash and as an expenditure.

EFFECT:

The ROE's cash and liabilities balances were understated.

CAUSE:

According to ROE officials, they were not aware that they had reported obligated salaries incorrectly at year end.

AUDITOR'S RECOMMENDATION:

The ROE should report obligated salaries at year end as a liability and record the actual payroll disbursements at the end of the appropriate pay period.

MANAGEMENT'S RESPONSE:

The Will County ROE will report obligated salaries at year end as a liability and record the actual payroll disbursements at the end of the appropriate pay period.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

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

None

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN

Finding No. 2018-001 - Failure to Fully Insure and Collateralize Cash Balances

CONDITION:

As of June 30, 2018, the ROE had a total of four cash accounts between the ROE and its Professional Development Alliance with bank balances totaling \$4,405,577 at one financial institution. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$250,000 per entity. The ROE had pledged securities for an additional \$3,738,152. The ROE did not have depository insurance or collateral for the remaining \$167,425.

PLAN:

According to ROE officials, the accounts for the Professional Development Alliance (PDA) were coded as non-profit by the bank and were not included under the collateral report for FY18. The bank now has included the PDA under the ROE's collateral report. The Will County ROE has contacted the bank to request a monthly, quarterly, and yearly Letters of Collateral for all bank accounts to ensure adequate collateral.

ANTICIPATED DATE OF COMPLETION:

July 17, 2019

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Dr. Shawn Walsh, Regional Superintendent

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

CORRECTIVE ACTION PLAN

Finding No. 2018-002 - Recording Obligations

CONDITION:

The Will County Regional Office of Education No. 56 (ROE) prepared and recorded electronic fund transfers for their July 15, 2018, July 31, 2018 and August 15, 2018 pay periods prior to June 30, 2018, but did not disburse the funds to the employees until the appropriate pay dates. The ROE posted the payroll expenditures for these pay periods to their general ledger prior to June 30, 2018 as a reduction of cash and as an expenditure.

PLAN:

The Will County ROE will report obligated salaries at year end as a liability and record the actual payroll disbursements at the end of the appropriate pay period.

ANTICIPATED DATE OF COMPLETION:

August 15, 2019

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

Dr. Shawn Walsh, Regional Superintendent

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION #56**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2018**

2017-001	Controls over Financial Statement Preparation	Not repeated
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During the current audit, the Regional Office of Education No. 56 had sufficient internal controls that allowed the auditors to not propose any material entries.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The Will County Regional Office of Education No. 56 (ROE No. 56) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2018, with comparative information for the year ended June 30, 2017. Readers are encouraged to consider the information in conjunction with the ROE No. 56's financial statements that follow.

2018 Financial Highlights

- The General Fund revenues increased by \$479,551 (28%) from \$1,734,755 in fiscal year 2017 to \$2,214,306 in fiscal year 2018. Revenue increased mainly due to the receipt of the Forest Service grant and an increase in the General State Aid revenues. The General Fund expenditures increased by \$186,385 (10%) from \$1,941,629 in fiscal year 2017 to \$2,128,014 in fiscal year 2018. The increase in expenditures was primarily due to increased payments to governments in relation to the Forest Service grant.
- The Special Revenue Fund revenues increased by \$480,264 (22%) from \$2,190,180 in fiscal year 2017 to \$2,670,444 in fiscal year 2018. Revenue increased mainly because of the receipt of fiscal year 2017 grants in fiscal year 2018. The Special Revenue Fund expenditures increased by \$123,557 (6%) from \$2,227,451 in fiscal year 2017 to \$2,351,008 in fiscal year 2018, due to increased expenditures in the Institute Fund.
- The Enterprise Fund revenues increased by \$328,802 (52%) from \$629,443 in fiscal year 2017 to \$958,245 in fiscal year 2018. Revenue increased due to an increase in Local PDA fund revenues. The Enterprise Fund expenditures increased by \$24,596 (3%) from \$766,317 in fiscal year 2017 to \$790,913 in fiscal year 2018, due relatively to an increase in Local PDA fund expenses.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 56's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE No. 56 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 56'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 needed for a full understanding of the data provided in the basic financial statements.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

- *Required supplementary information* further explains and supports the financial statements and supplementary information provides detailed information about the nonmajor funds.

Reporting the Will County Regional Office as a Whole

It is important to note that many grants are a cooperative effort of the ROE No. 56 and the Grundy/Kendall Counties Regional Office of Education No. 24. Therefore, these figures may reflect grants that are intended to serve Will County only and grants that serve Will, Grundy, and Kendall Counties.

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements

The Government-wide financial statements report information about the ROE No. 56 as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB Statement No. 34.

The Government-wide financial statements report the Office's net position and how they have changed. Net Position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the Office's financial health or position.

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

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 56's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE No. 56 established other funds to control and manage money for particular purposes.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The Office has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Office are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The required governmental funds financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The required proprietary funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 56 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The required fiduciary funds financial statements include a Statement of Fiduciary Net Position.

Government-Wide Financial Analysis

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the ROE No. 56. The net position at the end of fiscal year 2018 and fiscal year 2017 totaled \$4,775,983 and \$5,242,797, respectively. The analysis that follows provides a summary of the ROE No. 56's net position as of June 30, 2018 and 2017.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
ASSETS						
Current assets	\$ 4,837,843	\$ 4,513,866	\$ 904,678	\$ 825,772	\$5,742,521	\$ 5,339,638
Noncurrent assets	55,496	-	42,914	-	98,410	-
TOTAL ASSETS	<u>4,893,339</u>	<u>4,513,866</u>	<u>947,592</u>	<u>825,772</u>	<u>5,840,931</u>	<u>5,339,638</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	80,760	93,703	86,424	102,317	167,184	196,020
Deferred outflows related to OPEB	5,083	-	-	-	5,083	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>85,843</u>	<u>93,703</u>	<u>86,424</u>	<u>102,317</u>	<u>172,267</u>	<u>196,020</u>
LIABILITIES						
Current liabilities	128,479	79,048	10,782	42,890	139,261	121,938
Noncurrent liabilities	805,683	106,895	-	44,434	805,683	151,329
TOTAL LIABILITIES	<u>934,162</u>	<u>185,943</u>	<u>10,782</u>	<u>87,324</u>	<u>944,944</u>	<u>273,267</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	104,692	13,378	90,470	6,216	195,162	19,594
Deferred inflows related to OPEB	97,109	-	-	-	97,109	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>201,801</u>	<u>13,378</u>	<u>90,470</u>	<u>6,216</u>	<u>292,271</u>	<u>19,594</u>
NET POSITION						
Restricted – for educational purposes	1,264,487	1,020,737	42,914	-	1,307,401	1,020,737
Unrestricted	2,578,732	3,387,511	889,850	834,549	3,468,582	4,222,060
TOTAL NET POSITION	<u>\$ 3,843,219</u>	<u>\$ 4,408,248</u>	<u>\$ 932,764</u>	<u>\$ 834,549</u>	<u>\$4,775,983</u>	<u>\$ 5,242,797</u>

The ROE No. 56's net position decreased by \$466,814 (9%) from fiscal year 2017. The decrease was mainly due to the impact of implementing GASB Statement No. 75 in fiscal year 2018, in which the net OPEB liability was recorded in the ROE No. 56 financial statements.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CHANGES IN NET POSITION

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 2,412,513	\$ 2,184,064	\$ -	\$ -	\$ 2,412,513	\$ 2,184,064
General revenues:						
Local sources	393,964	260,036	-	-	393,964	260,036
State sources	969,509	738,255	-	-	969,509	738,255
On-behalf payments - local	605,095	654,164	-	-	605,095	654,164
On-behalf payments -state	771,303	764,647	-	-	771,303	764,647
Fees for services	-	-	958,245	629,443	958,245	629,443
Interest	11,075	3,461	1,166	14	12,241	3,475
Total revenues	5,163,459	4,604,627	959,411	629,457	6,122,870	5,234,084
Expenses:						
Education:						
Salaries and benefits	1,393,070	1,616,311	455,765	337,996	1,848,835	1,954,307
Purchased services	1,146,245	1,014,599	277,015	359,114	1,423,260	1,373,713
Supplies and materials	39,813	86,812	19,572	27,395	59,385	114,207
Other objects	26	-	-	1,912	26	1,912
Capital outlay	2,079	590	-	-	2,079	590
Pension expense	34,080	49,705	38,561	39,900	72,641	89,605
OPEB expense	53,750	-	-	-	53,750	-
Intergovernmental:						
Payments to other governments	966,205	486,072	-	-	966,205	486,072
Administrative:						
On-behalf payments - local	605,095	654,164	-	-	605,095	654,164
On-behalf payments - State	771,303	764,647	-	-	771,303	764,647
Total expenses	5,011,666	4,672,900	790,913	766,317	5,802,579	5,439,217
Excess of revenue over expenses before transfers	151,793	(68,273)	168,498	(136,860)	320,291	(205,133)
Other financing sources (uses):						
Transfers in (out)	70,283	(204,567)	(70,283)	204,567	-	-
Change in net position	222,076	(272,840)	98,215	67,707	320,291	(205,133)
Net position, beginning of year, as restated (See Note 13)	3,621,143	4,681,088	834,549	766,842	4,455,692	5,447,930
Net position, end of year	\$ 3,843,219	\$ 4,408,248	\$ 932,764	\$ 834,549	\$ 4,775,983	\$ 5,242,797

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Governmental Activities

Revenues for governmental activities were \$5,109,733 and expenditures were \$ 4,957,940. The increase in revenues was due to an increase in Institute Fund revenues and the receipt of the Forest Service grant. The increase in expenditures was due to increased payments to governments in relation to the Forest Service grant.

Business-Type Activities

Revenues for business-type activities were \$959,411 and expenses were \$790,913. The increase in revenues is due an increase in Local PDA fund revenue and the increase in expenses was due to proportionate increase in Local PDA fund expenses.

Financial Analysis of the ROE No. 56 Funds

As previously noted, the ROE No. 56 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances amounting to \$4,659,642.

Governmental Fund Highlights

- Although federal funding of Regional Offices of Education has continued to decline compared to the previous year, federal revenue for ROE No. 56 increased this year due to the receipt of Forest Service grant.
- County support for the ROE No. 56 decreased from the previous year's total funding level.

Proprietary Fund Highlights

Total proprietary fund net position increased by \$98,215 due primarily to an increase in revenues from Local PDA funds.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Budgetary Highlights

The ROE No. 56 annually adopts budgets for several funds. The Professional Development Alliance (PDA) Budget is prepared by the Executive Director of the PDA and approved by a joint Governing Board representing Will, Grundy, & Kendall Counties. The Regional Safe Schools Budget is approved by a similar board. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 56 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

As of June 30, 2018, the Will County Regional Office of Education No. 56 capital assets include office equipment, computers, audio-visual equipment, and building improvements. The Will County Regional Office of Education No. 56 maintains an inventory of capital assets which have been accumulated over time. For fiscal year 2018, there were no additions of capital assets. There was no depreciation expense for both fiscal years 2018 and 2017.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Will County Regional Office of Education No. 56 was aware of several existing circumstances that could affect its financial condition in the future:

- County board support for ROE No. 56 is expected to maintain level funding from the fiscal year 2018 funding level.
- State funding is expected to have no significant changes from fiscal year 2018.
- Federal funding is expected to decrease in fiscal year 2019 due to the ROE not receiving the Title I School Improvement and Accountability grant.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Contacting the Regional Office's Financial Management

This financial report is designed to provide the ROE No. 56's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of Schools, Will County Regional Office of Education No. 56, 702 West Maple Street, New Lenox, Illinois 60451.

BASIC FINANCIAL STATEMENTS

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
STATEMENT OF NET POSITION
JUNE 30, 2018**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,544,122	\$ 729,233	\$ 5,273,355
Accounts receivable	5,914	116,919	122,833
Due (to) from other funds	(58,526)	58,526	-
Due from other governments	322,852	-	322,852
Prepaid expenses	23,481	-	23,481
Total current assets	<u>4,837,843</u>	<u>904,678</u>	<u>5,742,521</u>
Noncurrent Assets:			
Net pension asset	55,496	42,914	98,410
TOTAL ASSETS	<u>4,893,339</u>	<u>947,592</u>	<u>5,840,931</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	80,760	86,424	167,184
Deferred outflows related to OPEB	5,083	-	5,083
Total deferred outflows of resources	<u>85,843</u>	<u>86,424</u>	<u>172,267</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	128,479	10,782	139,261
Noncurrent Liabilities:			
Net pension liability	61,937	-	61,937
Net OPEB liability	743,746	-	743,746
Total noncurrent liabilities	<u>805,683</u>	<u>-</u>	<u>805,683</u>
TOTAL LIABILITIES	<u>934,162</u>	<u>10,782</u>	<u>944,944</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	104,692	90,470	195,162
Deferred inflows related to OPEB	97,109	-	97,109
Total deferred inflows of resources	<u>201,801</u>	<u>90,470</u>	<u>292,271</u>
NET POSITION			
Restricted - for educational purposes	1,264,487	42,914	1,307,401
Unrestricted	2,578,732	889,850	3,468,582
TOTAL NET POSITION	<u>\$ 3,843,219</u>	<u>\$ 932,764</u>	<u>\$ 4,775,983</u>

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

WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional services						
Salaries and benefits	\$ 1,393,070	\$ -	\$ 924,498	\$ (468,572)	\$ -	\$ (468,572)
Purchased services	1,146,245	-	760,695	(385,550)	-	(385,550)
Supplies and materials	39,813	-	26,422	(13,391)	-	(13,391)
Other objects	26	-	17	(9)	-	(9)
Capital outlay	2,079	-	1,380	(699)	-	(699)
Pension expense	34,080	-	22,617	(11,463)	-	(11,463)
OPEB expense	53,750	-	35,671	(18,079)	-	(18,079)
Intergovernmental:						
Payments to other governments	966,205	-	641,213	(324,992)	-	(324,992)
Administrative:						
On-behalf payments - local	605,095	-	-	(605,095)	-	(605,095)
On-behalf payments - State	771,303	-	-	(771,303)	-	(771,303)
Total Governmental Activities	<u>5,011,666</u>	<u>-</u>	<u>2,412,513</u>	<u>(2,599,153)</u>	<u>-</u>	<u>(2,599,153)</u>
Business-type activities:						
Fees for services	752,352	958,245	-	-	205,893	205,893
Pension expense	38,561	-	-	-	(38,561)	(38,561)
Total business-type activities	<u>790,913</u>	<u>958,245</u>	<u>-</u>	<u>-</u>	<u>167,332</u>	<u>167,332</u>
Total primary government	<u>\$ 5,802,579</u>	<u>\$ 958,245</u>	<u>\$ 2,412,513</u>	<u>(2,599,153)</u>	<u>167,332</u>	<u>(2,431,821)</u>
General revenues:						
Local sources				393,964	-	393,964
State sources				969,509	-	969,509
On-behalf payments - local				605,095	-	605,095
On-behalf payments - State				771,303	-	771,303
Transfer in (out)				70,283	(70,283)	-
Interest				11,075	1,166	12,241
Total general revenues				<u>2,821,229</u>	<u>(69,117)</u>	<u>2,752,112</u>
Change in net position				222,076	98,215	320,291
Net position, beginning of year				3,621,143	834,549	4,455,692
(Restated, see Note 13)						
Net position, end of year				<u>\$ 3,843,219</u>	<u>\$ 932,764</u>	<u>\$ 4,775,983</u>

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

WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

EXHIBIT C

	General Fund	Institute Fund	Education Fund	Professional Development Alliance	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 3,316,468	\$ 972,012	\$ -	\$ 550	\$ 255,092	\$ -	\$ 4,544,122
Accounts receivable	529	-	-	-	5,385	-	5,914
Due from other funds	733,615	-	-	-	-	(733,615)	-
Due from other governments	-	-	164,377	158,475	-	-	322,852
Prepaid expenses	23,481	-	-	-	-	-	23,481
TOTAL ASSETS	<u>4,074,093</u>	<u>972,012</u>	<u>164,377</u>	<u>159,025</u>	<u>260,477</u>	<u>(733,615)</u>	<u>4,896,369</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	4,459	21,800	23	100,499	1,698	-	128,479
Due to other funds	569,261	-	164,354	58,526	-	(733,615)	58,526
TOTAL LIABILITIES	<u>573,720</u>	<u>21,800</u>	<u>164,377</u>	<u>159,025</u>	<u>1,698</u>	<u>(733,615)</u>	<u>187,005</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	43,695	5,867	160	-	49,722
FUND BALANCES (DEFICIT)							
Nonspendable	23,481	-	-	-	-	-	23,481
Restricted	-	950,212	-	-	258,619	-	1,208,831
Unassigned	3,476,892	-	(43,695)	(5,867)	-	-	3,427,330
TOTAL FUND BALANCES (DEFICIT)	<u>3,500,373</u>	<u>950,212</u>	<u>(43,695)</u>	<u>(5,867)</u>	<u>258,619</u>	<u>-</u>	<u>4,659,642</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,074,093</u>	<u>\$ 972,012</u>	<u>\$ 164,377</u>	<u>\$ 159,025</u>	<u>\$ 260,477</u>	<u>\$ (733,615)</u>	<u>\$ 4,896,369</u>

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

EXHIBIT D

Total fund balances - governmental funds			\$ 4,659,642
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are considered "unavailable" and are deferred inflows of resources in the governmental funds.			49,722
Noncurrent assets related to pension benefits are collected but are not payable in the current period and therefore, are not reported in the governmental funds.			
IMRF net pension asset			55,496
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:			
Deferred outflows related to pensions	\$	80,760	
Deferred outflows related to OPEB		5,083	
Deferred inflows related to pensions		(104,692)	
Deferred inflows related to OPEB		<u>(97,109)</u>	(115,958)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
TRS net pension liability			(61,937)
Net OPEB liability			<u>(743,746)</u>
Net position of governmental activities			<u><u>\$ 3,843,219</u></u>

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT E

	General Fund	Institute Fund	Education Fund	Professional Development Alliance	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES:							
Local sources	\$ 24,346	\$ 336,028	\$ -	\$ -	\$ 33,430	\$ -	\$ 393,804
State sources	969,509	-	742,929	441,541	3,198	-	2,157,177
Federal sources	324,227	-	563,838	549,480	-	-	1,437,545
On-behalf payments - local	605,095	-	-	-	-	-	605,095
On-behalf payments - State	291,129	-	-	-	-	-	291,129
Total revenues	<u>2,214,306</u>	<u>336,028</u>	<u>1,306,767</u>	<u>991,021</u>	<u>36,628</u>	<u>-</u>	<u>4,884,750</u>
EXPENDITURES:							
Instructional services:							
Salaries and benefits	331,298	-	615,359	446,413	-	-	1,393,070
Pension expense	-	-	3,486	26,791	-	-	30,277
OPEB expense	-	-	5,083	-	-	-	5,083
Purchased services	560,910	180,289	64,658	326,017	14,371	-	1,146,245
Supplies and materials	15,355	315	22,404	1,103	636	-	39,813
Other objects	-	-	-	-	26	-	26
On-behalf payments - local	605,095	-	-	-	-	-	605,095
On-behalf payments - State	291,129	-	-	-	-	-	291,129
Intergovernmental:							
Payments to other governments	324,227	-	376,700	265,278	-	-	966,205
Capital outlay	-	-	510	1,569	-	-	2,079
Total expenditures	<u>2,128,014</u>	<u>180,604</u>	<u>1,088,200</u>	<u>1,067,171</u>	<u>15,033</u>	<u>-</u>	<u>4,479,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>86,292</u>	<u>155,424</u>	<u>218,567</u>	<u>(76,150)</u>	<u>21,595</u>	<u>-</u>	<u>405,728</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	3,101,580	336,180	-	70,283	-	(3,101,580)	406,463
Transfers out	(3,101,580)	(336,180)	-	-	-	3,101,580	(336,180)
Interest	-	11,075	-	-	-	-	11,075
Total other financing sources (uses)	<u>-</u>	<u>11,075</u>	<u>-</u>	<u>70,283</u>	<u>-</u>	<u>-</u>	<u>81,358</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>86,292</u>	<u>166,499</u>	<u>218,567</u>	<u>(5,867)</u>	<u>21,595</u>	<u>-</u>	<u>487,086</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>3,414,081</u>	<u>783,713</u>	<u>(262,262)</u>	<u>-</u>	<u>237,024</u>	<u>-</u>	<u>4,172,556</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 3,500,373</u>	<u>\$ 950,212</u>	<u>\$ (43,695)</u>	<u>\$ (5,867)</u>	<u>\$ 258,619</u>	<u>\$ -</u>	<u>\$ 4,659,642</u>

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

**WILL COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 56
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT F

Net change in fund balance - governmental funds \$ 487,086

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

Some revenues will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are however, recorded as revenues in the Statement of Activities.

Current year unavailable revenue	\$ 49,722	
Prior year unavailable revenue	<u>(262,262)</u>	(212,540)

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

Pension:		
Employer contributions	18,214	
Cost of benefits earned, net	<u>(22,017)</u>	(3,803)
OPEB:		
Employer contributions	5,083	
Cost of benefits earned, net	<u>(53,750)</u>	<u>(48,667)</u>

Change in net position of governmental activities \$ 222,076

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

EXHIBIT G

	Business-Type Activities - Enterprise Funds		Total
	Local PDA Funds	(Nonmajor) Criminal Background Investigation	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 585,351	\$ 143,882	\$ 729,233
Accounts receivable	109,305	7,614	116,919
Due from other funds	58,526	-	58,526
Total current assets	<u>753,182</u>	<u>151,496</u>	<u>904,678</u>
Noncurrent assets:			
Net pension asset	42,914	-	42,914
TOTAL ASSETS	<u>796,096</u>	<u>151,496</u>	<u>947,592</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>86,424</u>	<u>-</u>	<u>86,424</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	<u>5,873</u>	<u>4,909</u>	<u>10,782</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>90,470</u>	<u>-</u>	<u>90,470</u>
NET POSITION			
Restricted - for educational purposes	42,914	-	42,914
Unrestricted	<u>743,263</u>	<u>146,587</u>	<u>889,850</u>
TOTAL NET POSITION	<u>\$ 786,177</u>	<u>\$ 146,587</u>	<u>\$ 932,764</u>

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROPRIETARY FUNDS**

EXHIBIT H

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds		Total
	Local PDA Funds	(Nonmajor) Criminal Background Investigation	
OPERATING REVENUES:			
Fees for services	\$ 888,031	\$ 70,214	\$ 958,245
OPERATING EXPENSES:			
Salaries and benefits	455,765	-	455,765
Pension expense	38,561	-	38,561
Purchased services	214,856	62,159	277,015
Supplies and materials	18,724	848	19,572
Total operating expenses	<u>727,906</u>	<u>63,007</u>	<u>790,913</u>
OPERATING INCOME	<u>160,125</u>	<u>7,207</u>	<u>167,332</u>
NONOPERATING REVENUES (EXPENSES)			
Transfers in	250,000	-	250,000
Transfers out	(320,283)	-	(320,283)
Interest	1,166	-	1,166
Total nonoperating revenues (expenses)	<u>(69,117)</u>	<u>-</u>	<u>(69,117)</u>
CHANGE IN NET POSITION	91,008	7,207	98,215
NET POSITION, BEGINNING OF YEAR	<u>695,169</u>	<u>139,380</u>	<u>834,549</u>
NET POSITION, END OF YEAR	<u>\$ 786,177</u>	<u>\$ 146,587</u>	<u>\$ 932,764</u>

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT I

	Business Type Activities - Enterprise Funds		
	Local PDA Funds	(Nonmajor) Criminal Background Investigation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 822,804	\$ 68,868	\$ 891,672
Payments to suppliers and providers of goods and services	(264,157)	(64,538)	(328,695)
Payments to employees	(481,527)	-	(481,527)
Net cash provided by operating activities	<u>77,120</u>	<u>4,330</u>	<u>81,450</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(70,283)	-	(70,283)
Payments for interfund borrowing, net	221,101	-	221,101
Net cash provided by noncapital financing activities	<u>150,818</u>	<u>-</u>	<u>150,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	1,166	-	1,166
Net cash provided by investing activities	<u>1,166</u>	<u>-</u>	<u>1,166</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	229,104	4,330	233,434
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>356,247</u>	<u>139,552</u>	<u>495,799</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 585,351</u>	<u>\$ 143,882</u>	<u>\$ 729,233</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 160,125	\$ 7,207	\$ 167,332
Adjustments to reconcile operating income to net cash provided by operating activities:			
Effects of changes in assets and liabilities:			
Accounts receivable	(65,227)	(1,346)	(66,573)
Net pension asset	(42,914)	-	(42,914)
Deferred outflows related to pensions	15,893	-	15,893
Accounts payable and accrued expenses	(30,577)	(1,531)	(32,108)
Net pension liability	(44,434)	-	(44,434)
Deferred inflows related to pensions	84,254	-	84,254
Net cash provided by operating activities	<u>\$ 77,120</u>	<u>\$ 4,330</u>	<u>\$ 81,450</u>

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Will County Regional Office of Education No. 56 was created by Illinois Public Act 76-735, as amended effective August 8, 1995, to develop and maintain education service for the school districts in Will County. The Will County Regional Office of Education No. 56 services 176 public schools and 46 private schools in the 30 districts within the county.

In 2018, the Regional Office of Education No. 56 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. GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance. GASB Statement No. 85 addresses practice issues identified during the implementation and application of certain GASB statements such as issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits). GASB Statement No. 86 establishes uniform guidance for recognizing debt that is defeased in-substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing debt were acquired

A. DATE OF MANAGEMENT’S REVIEW

Regional Office of Education No. 56 has evaluated subsequent events through August 15, 2019, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent’s office; and file and keep the reports and statements returned by school treasurers and trustees.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (CONCLUDED)

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Will County Regional Office of Education No. 56's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions; and, to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the Illinois State Board of Education (ISBE) with an affidavit showing that the treasurers of school districts under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Will County Regional Office of Education No. 56, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2018, the Will County Regional Office of Education No. 56 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Will County Regional Office of Education No. 56. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Will County Regional Office of Education No. 56 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Will County Regional Office of Education No. 56 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Will County Regional Office of Education No. 56, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Will County Regional Office of Education No. 56 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (CONCLUDED)

Effective August 7, 1995, the Regional Office of Education No. 56 entered into an intergovernmental agreement with Grundy/Kendall Regional Office of Education No. 24 to establish the ROE Professional Development Alliance (PDA), the purpose of which is to provide professional development services to the local school districts of Will, Grundy, and Kendall Counties. The governing board consists of the Regional Superintendents of the Regional Offices of Education Nos. 56 and 24. The Regional Office of Education No. 56 was designated as the administrative agent and has reported the activity of this agreement in their financial statements.

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Will County Regional Office of Education No.56 does not control their assets, operations, or management. In addition, the Regional Office of Education No. 56 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education No. 56 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Will County Regional Office of Education No. 56's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Will County Regional Office of Education No. 56 has two business-type activities; Local PDA Funds and the Criminal Background Investigation. The Local PDA Fund accounts for the revenues and expenditures associated with workshops put on by the Regional Office. The Criminal Background Investigation accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

The Will County Regional Office of Education No. 56's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Will County Regional Office of Education No. 56 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Will County Regional Office of Education No. 56's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements and the net position and changes in net position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

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

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONCLUDED)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Will County Regional Office of Education No. 56; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Will County Regional Office of Education No. 56 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Will County Regional Office of Education No. 56's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Will County Regional Office of Education No. 56 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Will County Regional Office of Education No. 56 uses governmental and proprietary funds.

Governmental Funds

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Will County Regional Office of Education No. 56 has presented all major funds that met the above qualifications. The Will County Regional Office of Education No. 56 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

General Operations - This fund accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

General State Aid - This fund accounts for grant monies received for, and payment of, expenditures for regional learning academy supplements.

Lincoln School - This fund accounts for all local funding expenditures and the general operations of the Lincoln School.

Forest Service - This fund accounts for grant monies received for, and payment of, expenditures in connection with the Forest Service grant, under the Secure Rural Schools and Community Self-Determination Act.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

Major Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. Major special revenue funds include the following:

Education Fund - This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

Title II - Teacher Quality - This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

McKinney Education for Homeless Children - This program accounts for grant monies received for and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Illinois State Board of Education.

Regional Safe Schools - This program accounts for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education.

Truants Alternative/Optional Education - Accounts for grant monies received for, and payment of, expenses of the Truants Alternative and Optional Education Program.

Institute Fund - This fund accounts for registration and renewal fees related to the teachers' licenses. Funds collected from registration and renewal fees are expended to defray costs incidental to the teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

Major Special Revenue Funds (Continued)

Professional Development Alliance (PDA) - This fund accounts for State, and federal funded programs designed to meet the indentified needs of the school districts within Will, Grundy, and Kendall Counties. These services are designed to improve the educational opportunities provided to students within these counties. Professional Development Alliance Funds include:

ROE/ISC Operations - This program accounts for grant monies received for, and payment of, expenditures of the ROE/ISC Operations Fund.

Title I - School Improvement and Accountability - This program accounts for monies received for, and payment of, expenditures of the Title I - School Improvement and Accountability Fund. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116 (c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing school, including a public charter within the district.

Grundy/Kendall County ROE/ISC Operations - These funds are provided by the Illinois State Board of Education through a budget application process, to the Regional Office to provide professional development to district schools and teachers in Grundy and Kendall county school districts.

The Will County Regional Office of Education No. 56 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund or Professional Development Alliance are grouped under this fund for financial statement presentation.

General Education Development (GED) - This fund accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas, and materials.

Bus Driver Training - This fund accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (CONCLUDED)

Proprietary Funds

Proprietary Fund - The Proprietary Fund accounts for revenue and expenses related to services provided to organizations inside the Regional Office of Education No. 56 on a cost-reimbursement basis. The Regional Office of Education No. 56 reports the following major proprietary fund:

Local Professional Development Alliance (PDA) Funds - This fund accounts for the revenues and expenditures associated with workshops put on by the Will County Regional Office of Education No. 56.

The Regional Office of Education No. 56 reports the following nonmajor proprietary fund:

Criminal Background Investigation - Accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

I. GOVERNMENTAL FUND BALANCES

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 in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts.

Nonspendable Fund Balance - The portion of a governmental fund's net position that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Will County Regional Office of Education No. 56 has a nonspendable fund balance in the General Fund's General State Aid fund.

Restricted Fund Balance - The portion of a governmental fund's net position that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development and Bus Driver Training.

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Will County Regional Office of Education No. 56 has no committed fund balances.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (CONCLUDED)

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56 has unassigned fund balances in the General Fund's General State Aid and Lincoln School funds. Additionally, the Will County Regional Office of Education No. 56 has an unassigned fund deficit in the following funds: General Fund's General Operation, Education Fund's Regional Safe Schools, Truants Alternative/Optional Education fund and the Professional Development Alliance fund's Title I - School Improvement and Accountability fund.

J. NET POSITION

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

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

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

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

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Will County Regional Office of Education No. 56 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market 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.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives (three to five years) of the respective assets.

M. COMPENSATED ABSENCES

The employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed 5 years or less; 15 days for full-time staff employed between 5 and 10 years; 20 days for full-time staff employed more than 15 years. Vacation days cannot be accumulated and carried forward to the next fiscal year; therefore, no liability is accrued.

The Executive Director of PDA receives 25 sick days annually. All other eligible employees receive up to 15 sick days annually. There is no limit on the amount of sick days carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (CONCLUDED)

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

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of components of the net pension liability and the net OPEB liability that will reduce pension and OPEB expenses in future years.

O. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

For purposes of measuring the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56 OPEB Plan and additions to/deductions from the Will County Regional Office of Education No. 56's fiduciary net position have been determined on the same basis as they are reported by the Will County Regional Office of Education No. 56's Plan. For this purpose, the Will County Regional Office of Education No. 56's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 56's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method

P. 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. BUDGET INFORMATION

The Will County Regional Office of Education No. 56 acts as the administrative agent for certain grant programs that are accounted for in the General, Education and Professional Development Alliance Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Title II - Teacher Quality, McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative/Optional Education, ROE/ISC Operations, Title I - School Improvement and Accountability, and Grundy/Kendall County ROE/ISC Operations.

NOTE 2 - CASH AND CASH EQUIVALENTS

The *Illinois Compiled Statutes* authorize the Will County Regional Office of Education No. 56 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

Deposits

At June 30, 2018, the carrying amount of the Will County Regional Office of Education No. 56's government-wide fund deposits were \$5,273,355 and the bank balance was \$5,737,854. Of the total bank balances as of June 30, 2018, \$500,000 was secured by Federal Depository Insurance Corporation (FDIC), \$1,332,277 was invested in the Illinois Funds Money Market Fund, and \$3,738,152 was collateralized by securities pledged by the Regional Office of Education No. 56's financial institution in the name of the Regional Office. The remaining \$167,425 of deposits was uninsured and uncollateralized.

Investments

The Will County Regional Office of Education No. 56 requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As noted above, as of June 30, 2018, the Will County Regional Office of Education No. 56 had investments with a carrying and fair value of \$1,332,277 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONCLUDED)

Credit Risk

At June 30, 2018, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235. All investments are fully collateralized.

The PNC Municipal Investment Fund had a Standard and Poor's AAAM rating. This fund is authorized for public entities and political subdivisions of the State of Illinois. It invests in U.S. Treasury securities, commercial paper rated A2 or above, certificates of deposit and interest-bearing savings accounts, and any other investments permissible under 30 ILCS 235/2.

Interest Rate Risk

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Concentration of Credit Risk

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposits cannot exceed 10% of any single financial institution's total deposits.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

The Will County Regional Office of Education No. 56's Education Fund and Professional Development Alliance Fund have funds due from various other governmental units which consist of the following:

Due from Other Governments:	
Education Fund:	
Illinois State Board of Education	\$ 164,377
Professional Development Alliance Fund:	
Illinois State Board of Education	158,475
Total	\$ 322,852

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Will County Regional Office of Education No. 56 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Disposal	Balance June 30, 2018
Governmental activities:				
Furniture and equipment	\$ 54,766	\$ -	\$ (3,507)	\$ 51,259
Building improvements	90,439	-	-	90,439
Total	145,205	-	(3,507)	141,698
Less: Accumulated depreciation	(145,205)	-	3,507	(141,698)
Capital assets, net	-	-	-	-
Business-type activities:				
Furniture and equipment	37,508	-	(3,887)	33,621
Less: Accumulated depreciation	(37,508)	-	3,887	(33,621)
Capital assets, net	\$ -	\$ -	\$ -	\$ -

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. There was no depreciation expense for the year ended June 30, 2018 charged to the governmental activities instructional services function and business-type activities, respectively, on the government-wide Statement of Activities. Net investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

IMRF Plan Description

The Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56'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 note. 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (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:

	IMRF
Retirees and Beneficiaries currently receiving benefits	11
Inactive Plan Member entitled to but not yet receiving benefits	8
Active Plan Members	11
Total	30

Contributions

As set by statute, the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's annual contribution rate for calendar year 2017 was 9.54%. For the fiscal year ended 2017, the Will County Regional Office of Education No. 56 contributed \$32,453 to the plan. The Will County Regional Office of Education No. 56 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The Will County Regional Office of Education No. 56'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). IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. 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:

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Projected Ten-Year Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

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

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

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances as of December 31, 2016	\$ 1,750,320	\$ 1,670,546	\$ 79,774
Changes for the year:			
Service Cost	45,618	-	45,618
Interest on the Total Pension Liability	130,745	-	130,745
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	61,400	-	61,400
Changes of Assumptions	(68,472)	-	(68,472)
Contributions - Employer	-	46,963	(46,963)
Contributions - Employees	-	22,153	(22,153)
Net Investment Income	-	279,866	(279,866)
Benefit Payment, including Refunds of			
Employee Contributions	(89,837)	(89,837)	-
Other (Net Transfer)	-	(1,507)	1,507
Net Changes	<u>79,454</u>	<u>257,638</u>	<u>(178,184)</u>
Balances as of December 31, 2017	<u>\$ 1,829,774</u>	<u>\$ 1,928,184</u>	<u>\$ (98,410)</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 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability (Asset)	\$ 194,271	\$ (98,410)	\$ (305,775)

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ending June 30, 2018, the Will County Regional Office of Education No. 56 recognized pension expense of \$71,272. At June 30, 2018, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Difference between expected and actual experience	\$ 82,657	\$ 4,212
Changes in assumptions	-	53,442
Net difference between projected and actual earnings on pension plan investments	50,466	125,379
Total deferred amounts to be recognized in pension expense in future periods	133,123	183,033
Pension contributions made subsequent to the measurement date	25,539	-
Total Deferred Amounts Related to Pension	<u>\$ 158,662</u>	<u>\$ 183,033</u>

\$25,539 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ 28,912
2019	(15,173)
2020	(32,304)
2021	(31,345)
Thereafter	-
Total	<u>\$ (49,910)</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Teachers' Retirement System of the State of Illinois

Plan description

The Will County Regional Office of Education No. 56 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs/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 I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

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

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 Will County Regional Office of Education No. 56.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Will County Regional Office of Education No. 56. For the year ended June 30, 2018, State of Illinois contributions recognized by the Will County Regional Office of Education No. 56 were based on the State's proportionate share of the collective net pension liability associated with the Will County Regional Office of Education No. 56, and the Will County Regional Office of Education No. 56 recognized revenue and expenditures of \$419,632 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018 were \$3,471, 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 Will County Regional Office of Education No. 56, there is a statutory requirement for the Will County Regional Office of Education No. 56 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 no contributions were required for salaries made from federal and special trust funds.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (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 Will County Regional Office of Education No. 56 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 current 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 Will County Regional Office of Education No. 56 paid no employer ERO contributions.

The Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the Will County Regional Office of Education No. 56 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	\$ 61,937
State's proportionate share of the net pension liability associated with the employer	<u>4,263,895</u>
Total	<u><u>\$ 4,325,832</u></u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (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 Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's proportion was .0000810718 percent, which was a decrease of .0000095777 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Will County Regional Office of Education No. 56 recognized pension expense of \$419,632 and revenue of \$419,632 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education No. 56 recognized pension expense of \$1,369. At June 30, 2018, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 673	\$ 29
Net difference between projected and actual earnings on pension plan investments	42	-
Changes of assumptions	4,134	1,780
Changes in proportion and differences between employer contributions and proportionate share of contributions	202	10,320
Employer contributions subsequent to the measurement date	3,471	-
Total	<u>\$ 8,522</u>	<u>\$ 12,129</u>

\$3,471 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Year Ended June 30:	
2019	\$ (3,679)
2020	(557)
2021	(732)
2022	(1,880)
2023	(230)
	<u>\$ (7,078)</u>

Actuarial assumptions

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

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

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

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount Rate

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Concluded)

Sensitivity of the Will County Regional Office of Education No. 56's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 76,098	\$ 61,937	\$ 50,339

TRS Fiduciary Net Position

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Teachers Health Insurance Security Fund

THIS Plan Description

Will County Regional Office of Education No. 56 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).

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

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

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

On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 56. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 56 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 56, and recognized revenue and expenditures of \$60,542 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The Regional Office of Education No. 56 also makes contributions to the THIS Fund. The Regional Office of Education No. 56 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 June 30, 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 56 paid \$5,083 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and June 30, 2016, the Regional Office of Education No. 56 paid \$4,814 and \$4,360, respectively, which was 99 percent and 91 percent, respectively of the required contributions.

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."

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

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

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

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the Will County Regional Office of Education No. 56'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:

	<u>1% Decrease (2.56%)</u>	<u>Current Discount Rate (3.56%)</u>	<u>1% Increase (4.56%)</u>
Employer's proportionate share of the collective net OPEB liability	\$ 779,729	\$ 649,651	\$ 545,795

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 Will County Regional Office of Education No. 56'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^a</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase^b</u>
Employer's proportionate share of the collective net OPEB liability	\$ 524,437	\$ 649,651	\$ 829,682

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

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2018, the Will County Regional Office of Education No. 56 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Will County Regional Office of Education No. 56. The amount recognized by the Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56 were as follows:

Employer's proportionate share of the net OPEB liability	\$ 649,651
State's proportionate share of the net OPEB liability associated with the employer	853,196
Total	\$ 1,502,847

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 Will County Regional Office of Education No. 56's proportion of the collective net OPEB liability was based on a projection of the Will County Regional Office of Education No. 56's long-term share of contributions to the OPEB plan relative to the projected contributions of the Will County Regional Office of Education No. 56, actuarially determined. At June 30, 2017, the Will County Regional Office of Education No. 56 proportion was 0.002504 percent, which was a decrease of 0.00008 from its proportion measured as of June 30, 2016 (0.002584 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Will County Regional Office of Education No. 56 recognized OPEB expense of \$60,542 and revenue of \$60,542 for support provided by the State. For the year ending June 30, 2018, the Will County Regional Office of Education No. 56 recognized OPEB expense of \$45,311. At June 30, 2018, the Will County Regional Office of Education No. 56 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 368
Changes of assumptions	—	77,350
Net difference between projected and actual earnings on OPEB plan investments	—	7
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	19,384
Employer contributions subsequent to the measurement date	5,083	—
Total	\$ 5,083	\$ 97,109

\$5,083 reported as deferred outflows of resources related to OPEB resulting from Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56's OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2019	\$ 14,918
2020	14,918
2021	14,918
2022	14,918
2023	14,916
Thereafter	22,521
Total	\$ 97,109

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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Health Insurance Plan

Plan Description

The Regional Office of Education No. 56 employees are covered by the Professional Development Alliance (PDA) health insurance plan. PDA provides postemployment health care for eligible retired employees and their dependents through a self-insured individual plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Lincolnway Area Affiliation of Participating Schools Districts (the Cooperative) Employee Benefit Plan, which PDA is a member of, and can be amended by the Cooperative's Board of Trustees. The plan does not issue a separate report. 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 are covered.

Tier II IMRF Full-Time employees age 62 with at least 10 years of service are covered.

Benefits Provided

The Regional Office of Education No. 56 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 56 offers PPO and HMO (New Plan Offered as of 7/1/17) to full-time IMRF employees. Retirees pay the same rate as an active employee. Professional Development Alliance pays the difference in coverage. Coverage continues until Medicare eligibility is reached. Dependent coverage ends at the same time as that for the retiree. After age 65 coverage is secondary to Medicare and the retiree pays the full cost. Additionally dental and vision coverage are offered to all full time employees. For dental coverage, the Professional Development Alliance pays the full cost of coverage until age 65. For vision coverage, the retiree pays the full cost of coverage. Coverage ends when the retiree stops paying for it.

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	11
	11
Total	11

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (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.

Contributions from Other ROE Resources and Benefit Payments from Other ROE Resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust. There were no Contributions or Benefit Payments from Other ROE Resources.

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 Rate	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 Premiums	<p>PPO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$13,812 and \$11,476, respectively.</p> <p>HMO: Premiums charged for coverage of retiree and spouse, regardless of age, are \$6,735 and \$2,855, respectively.</p> <p>Dental: Premiums charged for coverage of retiree and spouse, regardless of age, are \$498 and \$485, respectively.</p>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Healthcare Trend Rates	<p>Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey.</p> <p>PPO: 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%.</p> <p>HMO: For fiscal years on and after 2018, trend starts at 6.90% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.</p> <p>Dental: For fiscal years on and after 2018, trend are 4.10% for both non-Medicare costs and post-Medicare.</p>
Retiree Contribution Rates	Same as Healthcare Trend Rates

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. 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 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 is 1 participant 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Net OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A) – (B)
Balances as of July 1, 2017	\$ 85,656	\$ –	\$ 85,656
Changes for the period:			
Service Cost	5,124	–	5,124
Interest	3,315	–	3,315
Changes of Benefit Terms	–	–	–
Differences Between Expected and Actual Experience of the Total Pension Liability	–	–	–
Changes of Assumptions	–	–	–
Contributions – Employer	–	–	–
Contributions – Employees	–	–	–
Net Investment Income	–	–	–
Benefit Payments	–	–	–
Administrative expense	–	–	–
Net Changes	<u>8,439</u>	<u>–</u>	<u>8,439</u>
Balances as of June 30, 2018	<u>\$ 94,095</u>	<u>\$ –</u>	<u>\$ 94,095</u>

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Will County Regional Office of Education No. 56, 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 56'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's proportionate share of the collective net OPEB Liability	\$ 118,147	\$ 94,095	\$ 75,245

Sensitivity of the Healthcare Trend Rate

The following presents the Regional Office of Education No. 56's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates of both non-Medicare coverage and post-Medicare coverage for PPO, HMO and Dental plans are 7.70% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027, 6.90% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 and 4.10% in 2018 and level through the ultimate trend rate in 2027, respectively.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Concluded)

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Employer Net OPEB Liability	\$ 73,211	\$ 94,095	\$ 120,857

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 Will County Regional Office of Education No. 56 recognized OPEB expense of \$8,439. At June 30, 2018, the Will County Regional Office of Education No. 56 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	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on OPEB plan investments	—	—
Earnings on postretirement plan investments	—	—
Employer contributions subsequent to the measurement date	—	—
Total Deferred Amounts Related to OPEB	\$ —	\$ —

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

Year Ending June 30,	Net Deferred Outflows of Resources
2019	\$ —
2020	—
2021	—
2022	—
2023	—
Thereafter	—
Total	\$ —

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds have deficit fund balances as of June 30, 2018.

Education Fund:	
Regional Safe Schools	\$ (26,366)
Truants Alternative/Optional Education	(17,329)
Professional Development Alliance Fund:	
Title I - School Improvement and Accountability	(5,867)
General Fund:	
General Operations	(571,655)
Total	<u>\$ (621,217)</u>

NOTE 8 - INTERFUND ACTIVITY

Due to/from Other Funds

Interfund due to/from other fund balances at June 30, 2018 consist of the following individual due to/from other funds in the governmental funds balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	<u>Due From</u>	<u>Due To</u>
General Fund:		
General State Aid	\$ 733,615	\$ -
General Operations	-	569,261
Education Fund:		
McKinney Education for Homeless Children	-	76,985
Regional Safe Schools	-	52,713
Truants Alternative/Optional Education	-	34,656
Professional Development Alliance Fund:		
Title I - School Improvement and Accountability	-	58,526
Proprietary Fund:		
Local PDA Funds	58,526	-
Total	<u>\$ 792,141</u>	<u>\$ 792,141</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 - INTERFUND ACTIVITY (Concluded)

Transfers In/Out

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
General Operations	\$ 2,601,580	\$ 3,101,580
General State Aid	500,000	-
Professional Development Alliance Fund:		
Title I - School Improvement and Accountability Institute Fund	70,283	-
Proprietary Fund: Local PDA Funds	336,180	336,180
	250,000	320,283
Total	<u>\$ 3,758,043</u>	<u>\$ 3,758,043</u>

NOTE 9 - RISK MANAGEMENT

The Will County Regional Office of Education No. 56 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Will County Regional Office of Education No. 56 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 - LONG-TERM LIABILITIES

Changes in long-term liabilities during the fiscal year were as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Governmental activities				
Net pension liability - TRS	\$ 71,555	\$ -	\$ (9,618)	\$ 61,937
Net OPEB liability - THIS	706,287	-	(56,636)	649,651
Net OPEB liability - Health insurance plan	85,656	8,439	-	94,095
	<u>\$ 863,498</u>	<u>\$ 8,439</u>	<u>\$ (66,254)</u>	<u>\$ 805,683</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 - OPERATING LEASE

Will County Regional Office of Education No. 56 rents office space from Professional Development Alliance Fund operations. The lease agreement, which originally commenced on June 1, 2012 expired on May 31, 2017. However, the lease was renewed as of June 1, 2017 and will expire on May 31, 2019. Rental expense for the year ended June 30, 2018 was \$96,000.

The future minimum lease payment under this agreement follows:

Fiscal Year	Amount
2019	\$ 88,000

NOTE 12 - ON-BEHALF PAYMENTS

Will County pays certain expenditures on behalf of the Regional Office of Education No. 56. The expenditures paid by Will County for the year ended June 30, 2018, were as follows:

Salaries and benefits	\$ 575,418
Purchased services	26,775
Supplies and materials	<u>2,902</u>
Total	<u>\$ 605,095</u>

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Will County Regional Office of Education No. 56:

Regional Superintendent Salary	\$ 115,176
Assistant Regional Superintendent Salary	103,656
Regional Superintendent Benefits (Includes State paid insurance)	38,361
Assistant Regional Superintendent Benefits (Includes State paid insurance)	<u>33,936</u>
Total	<u>\$ 291,129</u>

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 - ON-BEHALF PAYMENTS (Concluded)

The Will County Regional Office of Education No. 56 also recorded \$419,632 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s TRS pension expense in the Statement of Activities. In addition, the Will County Regional Office of Education No. 56 recorded \$60,542 in revenue and expenses as on-behalf payments from CMS for the Regional Office’s share of the State’s THIS contributions in the Statement of Activities. Further, the Regional Office of Education No. 56 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	291,129
ROE No. 56’s share of TRS pension expense		419,632
THIS fund contributions		60,542
Total	\$	771,303

NOTE 13 - PRIOR PERIOD ADJUSTMENT

The Will County Regional Office of Education No. 56 implemented GASB Statement No. 75 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year. The net opening balance of deferred outflows/inflows of resources - OPEB and net OPEB liability in the governmental activities was \$0. Because these OPEB-related opening balances reflect OPEB expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

	Governmental Activities Net Position	
Net Position, July 1, 2017, as previously reported	\$	4,408,248
Cumulative effect of change in accounting principle		(787,105)
Net position, July 1, 2017, as restated	\$	3,621,143

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois**

	FY2017*	FY2016*	FY2015*	FY2014*
Employer's proportion of the net pension liability	0.0000810718%	0.0000906495%	0.0000949716%	0.0000941630%
Employer's proportionate share of the net pension liability	\$ 61,937	\$ 71,555	\$ 62,216	\$ 57,306
State's proportionate share of the net pension liability associated with the employer	4,263,895	4,804,340	3,715,110	3,573,659
Total	\$ 4,325,832	\$ 4,875,895	\$ 3,777,326	\$ 3,630,965
Employer's covered payroll	\$ 618,297	\$ 601,808	\$ 573,653	\$ 677,630
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.0%	11.9%	10.8%	8.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

**Schedule of Employer's Contributions
Teachers' Retirement System of the State of Illinois**

	FY2018**	FY2017**	FY2016**	FY2015**	FY2014**
Statutorily-required contribution	\$ 3,350	\$ 3,324	\$ 3,490	\$ 3,327	\$ 3,370
Contributions in relation to the statutorily-required contribution	3,471	3,284	3,490	3,327	3,375
Contribution deficiency (excess)	\$ (121)	\$ 40	\$ -	\$ -	\$ (5)
Employer's covered payroll	\$ 577,614	\$ 618,297	\$ 601,808	\$ 573,653	\$ 677,630
Contributions as a percentage of covered payroll	0.60%	0.53%	0.58%	0.58%	0.50%

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

Notes to Required Supplementary Information

Changes of assumptions

For the 2017 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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Illinois Municipal Retirement Fund
Last Four Calendar Years**

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 45,618	\$ 39,771	\$ 42,078	\$ 49,868
Interest on the total pension liability	130,745	124,987	109,141	100,073
Differences between expected and actual experience of the total pension (asset) liability	61,400	(8,408)	139,396	(19,639)
Changes of assumptions	(68,472)	-	-	58,670
Benefit payments, including refunds of employee contributions	(89,837)	(75,188)	(95,802)	(47,571)
Net change in total pension liability	<u>79,454</u>	<u>81,162</u>	<u>194,813</u>	<u>141,401</u>
Total pension liability - beginning	<u>1,750,320</u>	<u>1,669,158</u>	<u>1,474,345</u>	<u>1,332,944</u>
Total pension liability - ending (A)	<u>\$ 1,829,774</u>	<u>\$ 1,750,320</u>	<u>\$ 1,669,158</u>	<u>\$ 1,474,345</u>
Plan fiduciary net position				
Contributions - employer	\$ 46,963	\$ 22,335	\$ 20,165	\$ 39,390
Contributions - employees	22,153	16,949	15,354	22,331
Net investment income	279,866	109,931	27,654	68,005
Benefit payments, including refunds of employee contributions	(89,837)	(75,188)	(95,802)	(47,571)
Other (net transfer)	(1,507)	(1,725)	(3,892)	(897)
Net change in plan fiduciary net position	<u>257,638</u>	<u>72,302</u>	<u>(36,521)</u>	<u>81,258</u>
Plan fiduciary net position - beginning	<u>1,670,546</u>	<u>1,598,244</u>	<u>1,634,765</u>	<u>1,553,507</u>
Plan fiduciary net position - ending (B)	<u>\$ 1,928,184</u>	<u>\$ 1,670,546</u>	<u>\$ 1,598,244</u>	<u>\$ 1,634,765</u>
Net pension (asset) liability - ending (A) - (B)	<u>\$ (98,410)</u>	<u>\$ 79,774</u>	<u>\$ 70,914</u>	<u>\$ (160,420)</u>
Plan fiduciary net position as a percentage of the total pension liability	105.38%	95.44%	95.75%	110.88%
Covered valuation payroll	\$ 492,279	\$ 376,645	\$ 341,197	\$ 373,016
Net pension (asset) liability as a percentage of covered valuation payroll	(19.99%)	21.18%	20.78%	(43.01%)

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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**Schedule of Employer's Contributions
Illinois Municipal Retirement Fund
Last Four Calendar Years**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2017	\$ 46,963 *	\$ 46,963	\$ -	\$ 492,279	9.54%
2016	22,335 *	22,334	1	376,645	5.93%
2015	20,165 *	20,164	1	341,197	5.91%
2014	37,077 *	39,390	(2,313)	373,016	10.56%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from 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 adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

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

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.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
Teacher's Health Insurance Security Fund
Last Two Fiscal Years***

	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.0025040000%	0.0025840000%
Employer's proportionate share of the collective net OPEB liability	\$ 649,651	\$ 706,287
Employer's covered payroll	\$ 618,297	\$ 601,808
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	105.1%	117.4%
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.

**Schedule of Employer's Contributions
Teacher's Health Insurance Security Fund
Last Three Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 5,083	\$ 4,814	\$ 4,814
Contributions in relation to the statutorily-required contribution	5,083	4,814	4,360
Contribution deficiency (excess)	\$ -	\$ -	\$ 454
Employer's covered payroll	\$ 577,614	\$ 618,297	\$ 601,808
Contributions as a percentage of covered payroll	0.88%	0.78%	0.72%

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

Changes of Benefit Term

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

Changes of Assumptions

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

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**Schedule of Changes in the Net OPEB Liability and Related Ratios
Health Insurance Plan**

Fiscal Year Ended June 30,	<u>2018</u>
Total OPEB liability	
Service cost	\$ 5,124
Interest	3,315
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	-
Net change in total OPEB liability	<u>8,439</u>
Total OPEB liability - beginning	<u>85,656</u>
Total OPEB liability - ending (A)	<u><u>\$ 94,095</u></u>
 OPEB plan net position	
Contributions - employer	\$ -
Contributions - employee	-
Contributions - other	-
Net investment income	-
Benefit payments	-
Administrative expense	-
Net change in OPEB plan net position	<u>-</u>
OPEB plan net position - beginning	<u>-</u>
OPEB plan net position - ending (B)	-
 Employer net OPEB liability - ending (A) - (B)	<u><u>\$ 94,095</u></u>
 OPEB plan net position as a percentage of the total OPEB liability	0.00%
 Covered payroll	\$ 672,373
 Employer Net OPEB liability as a percentage of covered payroll	13.99%

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, governments should present information for those years for which information is available.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

**Schedule of Employer's Contributions
Health Insurance Plan**

	2018
Actuarially Determined Contribution	N/A
Contributions in Relation to the Actuarially Determined Contribution	\$ -
Contribution Deficiency (excess)	N/A
Covered payroll	\$ 672,373
Contributions as a Percentage of Covered Payroll	0.00%

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.

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

OTHER SUPPLEMENTAL INFORMATION

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2018**

SCHEDULE 1

	<u>General Operations</u>	<u>General State Aid</u>	<u>Lincoln School</u>	<u>Forest Service</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 3,306,434	\$ 10,034	\$ -	\$ 3,316,468
Accounts receivable	99	430	-	-	529
Due from other funds	-	733,615	-	-	733,615
Prepaid expenses	-	23,481	-	-	23,481
TOTAL ASSETS	<u>99</u>	<u>4,063,960</u>	<u>10,034</u>	<u>-</u>	<u>4,074,093</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	2,493	1,966	-	-	4,459
Due to other funds	569,261	-	-	-	569,261
Total liabilities	<u>571,754</u>	<u>1,966</u>	<u>-</u>	<u>-</u>	<u>573,720</u>
FUND BALANCES (DEFICIT)					
Nonspendable	-	23,481	-	-	23,481
Unassigned	(571,655)	4,038,513	10,034	-	3,476,892
Total fund balances (deficit)	<u>(571,655)</u>	<u>4,061,994</u>	<u>10,034</u>	<u>-</u>	<u>3,500,373</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99</u>	<u>\$ 4,063,960</u>	<u>\$ 10,034</u>	<u>\$ -</u>	<u>\$ 4,074,093</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE 2

	General Operations	General State Aid	Lincoln School	Forest Service	Totals
REVENUES					
Local sources	\$ 18,851	\$ -	\$ 5,495	\$ -	\$ 24,346
State sources	-	969,509	-	-	969,509
Federal sources	-	-	-	324,227	324,227
On-behalf payments - local	605,095	-	-	-	605,095
On-behalf payments - State	291,129	-	-	-	291,129
Total revenues	<u>915,075</u>	<u>969,509</u>	<u>5,495</u>	<u>324,227</u>	<u>2,214,306</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	-	331,298	-	-	331,298
Purchased services	19,937	537,897	3,076	-	560,910
Supplies and materials	892	9,614	4,849	-	15,355
On-behalf payments - local	605,095	-	-	-	605,095
On-behalf payments - State	291,129	-	-	-	291,129
Intergovernmental:					
Payments to governments	-	-	-	324,227	324,227
Capital outlay	-	-	-	-	-
Total expenditures	<u>917,053</u>	<u>878,809</u>	<u>7,925</u>	<u>324,227</u>	<u>2,128,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,978)</u>	<u>90,700</u>	<u>(2,430)</u>	<u>-</u>	<u>86,292</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,601,580	500,000	-	-	3,101,580
Transfers out	(3,101,580)	-	-	-	(3,101,580)
Total other financing sources (uses)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>(501,978)</u>	<u>590,700</u>	<u>(2,430)</u>	<u>-</u>	<u>86,292</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(69,677)</u>	<u>3,471,294</u>	<u>12,464</u>	<u>-</u>	<u>3,414,081</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (571,655)</u>	<u>\$ 4,061,994</u>	<u>\$ 10,034</u>	<u>\$ -</u>	<u>\$ 3,500,373</u>

WILL COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 56
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2018

SCHEDULE 3

	<u>Title II - Teacher Quality</u>	<u>McKinney Education for Homeless Children</u>	<u>Regional Safe Schools</u>	<u>Truants Alternative/ Optional Education</u>	<u>Totals</u>
ASSETS					
Due from other governments	\$ -	\$ 76,985	\$ 52,736	\$ 34,656	\$ 164,377
TOTAL ASSETS	<u>-</u>	<u>76,985</u>	<u>52,736</u>	<u>34,656</u>	<u>164,377</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	-	23	-	23
Due to other funds	-	76,985	52,713	34,656	164,354
Total liabilities	<u>-</u>	<u>76,985</u>	<u>52,736</u>	<u>34,656</u>	<u>164,377</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	26,366	17,329	43,695
FUND BALANCES (DEFICIT)					
Unassigned	-	-	(26,366)	(17,329)	(43,695)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 76,985</u>	<u>\$ 52,736</u>	<u>\$ 34,656</u>	<u>\$ 164,377</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
EDUCATION FUND**

SCHEDULE 4

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Title II - Teacher Quality	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative/ Optional Education	Totals
REVENUES					
State sources	\$ -	\$ -	\$ 448,368	\$ 294,561	\$ 742,929
Federal sources	10,100	553,738	-	-	563,838
Total revenues	<u>10,100</u>	<u>553,738</u>	<u>448,368</u>	<u>294,561</u>	<u>1,306,767</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	-	122,888	288,271	204,200	615,359
Pension expense	-	-	3,486	-	3,486
OPEB expense	-	-	5,083	-	5,083
Purchased services	10,100	35,579	16,253	2,726	64,658
Supplies and materials	-	18,061	3,343	1,000	22,404
Intergovernmental:					
Payments to other governments	-	376,700	-	-	376,700
Capital outlay	-	510	-	-	510
Total expenditures	<u>10,100</u>	<u>553,738</u>	<u>316,436</u>	<u>207,926</u>	<u>1,088,200</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>131,932</u>	<u>86,635</u>	<u>218,567</u>
NET CHANGE IN FUND BALANCES	-	-	131,932	86,635	218,567
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>(158,298)</u>	<u>(103,964)</u>	<u>(262,262)</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,366)</u>	<u>\$ (17,329)</u>	<u>\$ (43,695)</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
EDUCATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE 5

	Title II - Teacher Quality				McKinney Education for Homeless Children			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
Federal sources	\$ 10,150	\$ 10,150	\$ 10,100	\$ (50)	\$ 571,858	\$ 626,712	\$ 553,738	\$ (72,974)
State sources	-	-	-	-	-	-	-	-
Total revenues	<u>10,150</u>	<u>10,150</u>	<u>10,100</u>	<u>(50)</u>	<u>571,858</u>	<u>626,712</u>	<u>553,738</u>	<u>(72,974)</u>
EXPENDITURES								
Instructional services:								
Salaries and benefits	-	-	-	-	122,890	122,890	122,888	2
Pension expense	-	-	-	-	-	-	-	-
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	10,150	10,150	10,100	50	62,593	90,360	35,579	54,781
Supplies and materials	-	-	-	-	24,525	35,562	18,061	17,501
Intergovernmental:								
Payments to other governments	-	-	-	-	361,100	376,700	376,700	-
Capital outlay	-	-	-	-	750	1,200	510	690
Total expenditures	<u>10,150</u>	<u>10,150</u>	<u>10,100</u>	<u>50</u>	<u>571,858</u>	<u>626,712</u>	<u>553,738</u>	<u>72,974</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCES (DEFICIT), END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
EDUCATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 5
(CONTINUED)**

	<u>Regional Safe Schools</u>				<u>Truants Alternative/Optional Education</u>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	316,436	316,436	448,368	131,932	207,926	207,926	294,561	86,635
Total revenues	316,436	316,436	448,368	131,932	207,926	207,926	294,561	86,635
EXPENDITURES								
Instructional services:								
Salaries and benefits	296,840	296,840	288,271	8,569	204,200	204,200	204,200	-
Pension expense	-	-	3,486	(3,486)	-	-	-	-
OPEB expense	-	-	5,083	(5,083)	-	-	-	-
Purchased services	18,033	16,253	16,253	-	2,726	2,726	2,726	-
Supplies and materials	1,563	3,343	3,343	-	1,000	1,000	1,000	-
Intergovernmental:								
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	316,436	316,436	316,436	-	207,926	207,926	207,926	-
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>131,932</u>	<u>\$ 131,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>86,635</u>	<u>\$ 86,635</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR				<u>(158,298)</u>				<u>(103,964)</u>
FUND BALANCES (DEFICIT), END OF YEAR				<u>\$ (26,366)</u>				<u>\$ (17,329)</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
EDUCATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 5
(CONTINUED)**

	Totals			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal sources	\$ 582,008	\$ 636,862	\$ 563,838	\$ (73,024)
State sources	524,362	524,362	742,929	218,567
Total revenues	<u>1,106,370</u>	<u>1,161,224</u>	<u>1,306,767</u>	<u>145,543</u>
EXPENDITURES				
Instructional services:				
Salaries and benefits	623,930	623,930	615,359	8,571
Pension expense	-	-	3,486	(3,486)
OPEB expense	-	-	5,083	(5,083)
Purchased services	93,502	119,489	64,658	54,831
Supplies and materials	27,088	39,905	22,404	17,501
Intergovernmental:				
Payments to other governments	361,100	376,700	376,700	-
Capital outlay	750	1,200	510	690
Total expenditures	<u>1,106,370</u>	<u>1,161,224</u>	<u>1,088,200</u>	<u>73,024</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	218,567	<u>\$ 218,567</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			(262,262)	
FUND BALANCES (DEFICIT), END OF YEAR			<u>\$ (43,695)</u>	

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROFESSIONAL DEVELOPMENT ALLIANCE FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2018**

SCHEDULE 6

	ROE/ISC Operations	Title I - School Improvement and Accountability	Grundy/Kendall County ROE/ISC Operations	Totals
ASSETS				
Cash and cash equivalents	\$ 550	\$ -	\$ -	\$ 550
Due from other governments	-	158,475	-	158,475
TOTAL ASSETS	550	158,475	-	159,025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	550	99,949	-	100,499
Due to other funds	-	58,526	-	58,526
Total liabilities	550	158,475	-	159,025
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	5,867	-	5,867
FUND BALANCES (DEFICIT)				
Unassigned	-	(5,867)	-	(5,867)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 550	\$ 158,475	\$ -	\$ 159,025

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROFESSIONAL DEVELOPMENT ALLIANCE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE 7

	ROE/ISC Operations	Title I - School Improvement and Accountability	Grundy/Kendall County ROE/ISC Operations	Totals
REVENUES				
State sources	\$ 282,434	\$ -	\$ 159,107	\$ 441,541
Federal sources	-	549,480	-	549,480
Total revenues	<u>282,434</u>	<u>549,480</u>	<u>159,107</u>	<u>991,021</u>
EXPENDITURES				
Instructional services:				
Salaries and benefits	183,272	167,572	95,569	446,413
Pension expense	11,671	9,417	5,703	26,791
Purchased services	84,819	183,363	57,835	326,017
Supplies and materials	1,103	-	-	1,103
Intergovernmental:				
Payments to other governments	-	265,278	-	265,278
Capital outlay	1,569	-	-	1,569
Total expenditures	<u>282,434</u>	<u>625,630</u>	<u>159,107</u>	<u>1,067,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(76,150)</u>	<u>-</u>	<u>(76,150)</u>
OTHER FINANCING SOURCES				
Transfers in	-	70,283	-	70,283
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>-</u>	<u>(5,867)</u>	<u>-</u>	<u>(5,867)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (5,867)</u>	<u>\$ -</u>	<u>\$ (5,867)</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROFESSIONAL DEVELOPMENT ALLIANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE 8

	ROE/ISC Operations				Title I - School Improvement and Accountability*			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,715,884	\$ 1,715,884	\$ 549,480	\$ (1,166,404)
State sources	281,309	282,434	282,434	-	-	-	-	-
Total revenues	281,309	282,434	282,434	-	1,715,884	1,715,884	549,480	(1,166,404)
EXPENDITURES								
Instructional services:								
Salaries and benefits	195,162	193,162	183,272	9,890	711,047	711,047	167,572	543,475
Pension expense	-	-	11,671	(11,671)	-	-	9,417	(9,417)
Purchased services	86,147	87,272	84,819	2,453	481,629	477,629	183,363	294,266
Supplies and materials	-	1,000	1,103	(103)	18,710	22,710	-	22,710
Other objects	-	-	-	-	229,248	229,248	-	229,248
Intergovernmental:								
Payments to other governments	-	-	-	-	275,250	275,250	265,278	9,972
Capital outlay	-	1,000	1,569	(569)	-	-	-	-
Total expenditures	281,309	282,434	282,434	-	1,715,884	1,715,884	625,630	1,090,254
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(76,150)</u>	<u>\$ (76,150)</u>
OTHER FINANCING SOURCES								
Transfers in			-				70,283	
NET CHANGE IN FUND BALANCES (DEFICIT)			-				(5,867)	
FUND BALANCES, BEGINNING OF YEAR			-				-	
FUND BALANCES (DEFICIT), END OF YEAR			<u>\$ -</u>				<u>\$ (5,867)</u>	

* The budgeted amounts are for grant periods that are different than the Regional Office of Education No. 56's fiscal period. The most representative budgeted amounts are being presented. Additionally, the current year revenues and expenditures may include multiple grant project years or may not include all of the grant period activity.

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
PROFESSIONAL DEVELOPMENT ALLIANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 8
(CONTINUED)**

	Grundy/Kendall County ROE/ISC Operations				Totals			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,715,884	\$ 1,715,884	\$ 549,480	\$ (1,166,404)
State sources	151,526	159,107	159,107	-	432,835	441,541	441,541	-
Total revenues	151,526	159,107	159,107	-	2,148,719	2,157,425	991,021	(1,166,404)
EXPENDITURES								
Instructional services:								
Salaries and benefits	98,313	98,313	95,569	2,744	1,004,522	1,002,522	446,413	556,109
Pension expense	-	-	5,703	(5,703)	-	-	26,791	(26,791)
Purchased services	53,213	60,794	57,835	2,959	620,989	625,695	326,017	299,678
Supplies and materials	-	-	-	-	18,710	23,710	1,103	22,607
Other objects	-	-	-	-	229,248	229,248	-	229,248
Intergovernmental:								
Payments to other governments	-	-	-	-	275,250	275,250	265,278	9,972
Capital outlay	-	-	-	-	-	1,000	1,569	(569)
Total expenditures	151,526	159,107	159,107	-	2,148,719	2,157,425	1,067,171	1,090,254
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	(76,150)	\$ (76,150)
OTHER FINANCING SOURCES								
Transfers in							70,283	
NET CHANGE IN FUND BALANCES (DEFICIT)							(5,867)	
FUND BALANCES, BEGINNING OF YEAR							-	
FUND BALANCES (DEFICIT), END OF YEAR							\$ (5,867)	

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018**

SCHEDULE 9

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 143,814	\$ 111,278	\$ 255,092
Accounts receivable	705	4,680	5,385
TOTAL ASSETS	<u>144,519</u>	<u>115,958</u>	<u>260,477</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	-	1,698	1,698
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	160	160
FUND BALANCES			
Restricted	144,519	114,100	258,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 144,519</u>	<u>\$ 115,958</u>	<u>\$ 260,477</u>

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE 10

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Totals</u>
REVENUES			
Local sources	\$ 12,799	\$ 20,631	\$ 33,430
State sources	-	3,198	3,198
Total revenues	<u>12,799</u>	<u>23,829</u>	<u>36,628</u>
EXPENDITURES			
Purchased services	3,419	10,952	14,371
Supplies and materials	636	-	636
Other objects	26	-	26
Total expenditures	<u>4,081</u>	<u>10,952</u>	<u>15,033</u>
NET CHANGE IN FUND BALANCES	8,718	12,877	21,595
FUND BALANCES, BEGINNING OF YEAR	<u>135,801</u>	<u>101,223</u>	<u>237,024</u>
FUND BALANCES, END OF YEAR	<u>\$ 144,519</u>	<u>\$ 114,100</u>	<u>\$ 258,619</u>

FEDERAL COMPLIANCE

**WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
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
Forest Service Schools and Roads Cluster:				
<u>U.S. Department of Agriculture</u>				
Passed-Through Illinois Department of Natural Resources:				
Secure Rural Schools and Community Self-Determination Act of 2000 Title III - County Projects - Forest Service	10.665	PV422800047023/ 47024/47025	\$ 324,227	\$ 324,227
Total U.S. Department of Agriculture			\$ 324,227	\$ 324,227
Total Forest Service Schools and Roads Cluster			\$ 324,227	\$ 324,227
Other Programs:				
<u>U.S. Department of Education</u>				
Passed-Through Illinois State Board of Education:				
Title I - Grants to Local Educational Agencies				
Title I - School Improvement and Accountability	84.010A	2017-4331-SS	\$ -	\$ 131,359
Title I - School Improvement and Accountability	84.010A	2018-4331-SS	265,278	423,988 (M)
Total Title I - School Improvement and Accountability			265,278	555,347
Education for Homeless Children and Youth				
McKinney Education for Homeless Children	84.196A	2018-4920-RF	376,700	553,738 (M)
Improving Teacher Quality State Grants				
Title II - Teacher Quality - Leadership Grant	84.367A	2018-4935-02	-	10,100
Total U.S. Department of Education			\$ 641,978	\$ 1,119,185
Total Other Programs			\$ 641,978	\$ 1,119,185
Total Expenditures of Federal Awards			\$ 966,205	\$ 1,443,412

(M) - Program was audited as a major program

The accompanying notes are an integral part of this schedule.

WILL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 56
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Will County Regional Office of Education No. 56 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 the Schedule presents only a selected portion of the operations of Regional Office of Education No. 56, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Office of Education No. 56.

NOTE 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 the 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. Regional Office of Education No. 56 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.