

**STATE OF ILLINOIS  
GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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REGIONAL OFFICE OF EDUCATION NO. 24**

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**GRUNDY AND KENDALL COUNTIES  
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**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**OFFICIALS**

Regional Superintendent (Current and during the audit period) ..... Mr. Christopher Mehochko

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

Offices are located at:

1320 Union Street  
Morris, Illinois 60450

109 W. Ridge Street  
Yorkville, Illinois 60560

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**FINANCIAL REPORT SUMMARY**

The financial audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2018-001	11	Insufficient Collateralization of Bank Deposits	Significant Deficiency
2018-002	12-13	Delay of Audit	Noncompliance
2018-003	14	Inadequate Census Data for Illinois Municipal Retirement Fund Employees	Material Weakness

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2017-001		Controls Over Financial Statement Preparation	Material Weakness
2017-002		Inadequate Internal Controls Over Cash and Bank Reconciliations	Material Weakness

**EXIT CONFERENCE**

The Grundy and Kendall Counties Regional Office of Education No. 24 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2018. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report.

Responses to the recommendations were provided by Christopher Mehochko, Regional Superintendent, via email on June 3, 2019.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Grundy and Kendall Counties Regional Office of Education No. 24 was performed by West & Company, LLC.

Based on their audit, the auditors expressed a qualified opinion on the Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements.



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P.O. Box 945  
Mattoon, Illinois 61938

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy and Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Grundy and Kendall Counties Regional Office of Education No. 24'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.

***Basis for Qualified Opinion on Governmental Activities***

The Grundy and Kendall Counties Regional Office of Education No. 24 did not recognize Illinois Municipal Retirement Fund (IMRF) pension activity in the governmental activities or disclose the necessary information in the notes to the financial statements. Accounting principles generally accepted in the United States of America require local government employers to record net pension liability/asset, deferred outflow of resources and/or deferred inflow of resources, and pension expenses/benefit for its pensions. In addition, disclosures are required. The effects of departure from U.S. generally accepted accounting principles on assets, liabilities, revenues/expenses, deferred outflows of resources, deferred inflows of resources, and net position are not reasonably determined.

***Qualified Opinion on Governmental Activities***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on the governmental activities, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Grundy and Kendall Counties Regional Office of Education No. 24, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions on the Business-Type Activities, Major Funds, and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information for Grundy and Kendall Counties Regional Office of Education No. 24, as of June 30, 2018, and respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, paragraph E in the notes to the financial statements, in fiscal year 2018, the Grundy and Kendall Counties Regional Office of Education No. 24 adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 September 13, 2019, on our consideration of the Grundy and Kendall Counties Regional Office of Education No. 24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grundy and Kendall Counties Regional Office of Education No. 24's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grundy and Kendall Counties Regional Office of Education No. 24's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
September 13, 2019



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Mattoon, Illinois 61938

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

**INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy and Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements, and have issued our report thereon dated September 13, 2019. Our opinion was qualified because the Grundy and Kendall Counties Regional Office of Education No. 24 did not recognize and disclose IMRF pension activity in their financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Grundy and Kendall Counties Regional Office of Education No. 24'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 Grundy and Kendall Counties Regional Office of Education No. 24's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy and Kendall Counties Regional Office of Education No. 24'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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the accompanying Schedule of Findings and Responses as item 2018-003 to be a material weakness.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Grundy and Kendall Counties Regional Office of Education No. 24'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as finding 2018-002.

### **Regional Office of Education No. 24's Responses to Findings**

Grundy and Kendall Counties Regional Office of Education No. 24's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Grundy and Kendall Counties Regional Office of Education No. 24'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 Grundy and Kendall Counties Regional Office of Education No. 24'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 Grundy and Kendall Counties Regional Office of Education No. 24's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois  
September 13, 2019

**SCHEDULE OF FINDINGS AND RESPONSES**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**Section I – Summary of Auditors' Results**

**Financial statements in accordance with GAAP**

Type of auditors' report issued:

          QUALIFIED          

Internal control over financial reporting:

- Material weakness(es) identified?

      X       yes               no

- Significant deficiency(ies) identified?

      X       yes               none reported

Noncompliance material to financial  
statements noted?

           yes          X       no

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**Section II – Financial Statement Findings**

**FINDING NO. 2018–001 – Insufficient Collateralization of Bank Deposits (partial repeat of finding 17-002)**

**Criteria/Specific Requirement:**

The Regional Office is permitted to invest in securities as authorized by the Illinois Public Funds Investment Act (30 ILCS 235/6(d)) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education No. 24's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

**Condition:**

At June 30, 2018, \$84,520 of the Regional Office of Education No. 24's \$1,898,292 cash deposited with financial institutions was uncollateralized and uninsured.

**Effect:Page**

Uncollateralized and uninsured bank deposits are subject to custodial credit risk, which is the risk that, in the event of bank failure, the Regional Office of Education No. 24's deposits may not be returned to it.

**Cause:**

The financial institution and the Regional Office failed to monitor deposit and collateral balances.

**Recommendation:**

The Regional Office of Education No. 24 should monitor collateral balances throughout the year to ensure sufficient collateral is held to secure its bank deposits.

**Management's Response:**

Upon hearing of this issue, the Regional Superintendent of Schools contacted the financial institution and made sure sufficient collateral was being held.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**Section II – Financial Statement Findings** (Continued)

**FINDING NO. 2018–002 – Delay of Audit**

**Criteria/Specific Requirement:**

Regional Office of Education No. 24 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30<sup>th</sup> of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

**Condition:**

The Regional Office of Education No. 24 did not provide completed financial statements in an auditable form by the August 31 deadline.

**Effect:**

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

**Cause:**

According to the Regional Office of Education No. 24’s management, the ROE hired an outside CPA firm to assist with the preparation of the audit. Due to training of new staff at the Regional Office, the CPA firm found errors that needed to be corrected. Due to the corrections, scheduling conflicts ensued which led to the delay in audit fieldwork.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**Section II – Financial Statement Findings** (Continued)

**FINDING NO. 2018–002 – Delay of Audit** (Continued)

**Recommendation:**

The Regional Office of Education No. 24 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**Management's Response:**

Incorrect Fiscal Year 2017 Fund balances was the main cause of the delay.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**Section II – Financial Statement Findings** (Continued)

**FINDING NO. 2018–003 – Inadequate Census Data for Illinois Municipal Retirement Fund (IMRF) Employees** (Repeat of Prior Year Finding 17-003)

**Criteria/Specific Requirement:**

Management is responsible for 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 error or fraud. Management of cost-sharing and agent employer plans are also responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework, including completeness and accuracy of census data.

**Condition:**

During our audit of the Regional Office, we noted the actuarially determined pension report for the ROE Illinois Municipal Retirement Fund (IMRF) had census data that could not be confirmed as reasonably accurate.

**Effect:**

Without effective internal controls in place over pension related census data, pension related balances for the IMRF Plan could be materially misstated. Inadequate census data could also alter the amount of pension contributions required to be deposited on a monthly basis due to erroneous pension assets/liabilities.

**Cause:**

According to Regional Office officials, a local special education cooperative (cooperative) and the Regional Office previously paid IMRF contributions using the same IMRF employer number. This arrangement was agreed upon several years ago by previous governing bodies. Upon the cooperative obtaining its own employer number in June of 2016, IMRF, with cooperation from the Regional Office, transferred the active employees of the cooperative to the new employer number. However, it cannot be determined at this time if the inactive and retired employees of the cooperative have been properly transferred to the new IMRF employer.

**Recommendation:**

The Regional Office should work with IMRF to determine all employees associated with the Regional Office's IMRF account are actually employees of the Regional Office.

**Management's Response:**

The Regional Office of Education has, and continues to, work with IMRF regarding this finding.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**Corrective Action Plan**

**FINDING NO. 2018-001 – Insufficient Collateralization of Bank Deposits** (Partial repeat of 17-002)

**Condition:**

At June 30, 2018, \$84,520 of the Regional Office of Education No. 24's \$1,898,292 cash deposited with financial institutions was uncollateralized and uninsured.

**Plan**

The financial institution officials increased the amount of collateral in order to meet the federal limits.

**Anticipated Date of Completion**

Completed

**Name of contact person:**

Honorable Christopher Mehochko, Regional Superintendent of Schools

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**FINDING NO. 2018-002 – Delay of Audit**

**Condition:**

The Regional Office of Education No. 24 did not provide completed financial statements in an auditable form by the August 31 deadline.

**Plan**

The contracted CPA firm worked with the ROE personnel to correct fund balances. FY18 fund balances have been monitored on a regular basis and appear to be spot on. The contracted CPA firm used for FY18 audit will be the same firm used for FY19 audit. ROE personnel and contracted CPA firm have a high degree of confidence that FY19 audit will be completed on time.

**Anticipated Date of Completion**

Completed

**Name of contact person:**

Honorable Christopher Mehochko, Regional Superintendent of Schools

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**FINDING NO. 2018-003 – Inadequate Census Data for Illinois Municipal Retirement Fund (IMRF) Employees** (Repeat of Prior Year Finding 17-003)

**Condition:**

During our audit of the Regional Office, we noted the actuarially determined pension report for the ROE Illinois Municipal Retirement Fund (IMRF) had census data that could not be confirmed as reasonably accurate.

**Plan**

The Regional Office of Education continues to work with IMRF regarding this finding. This has been a frustrating process ever since the separation of KCSEC Employees in June 2016.

**Anticipated Date of Completion**

June 30, 2020

**Name of contact person:**

Honorable Christopher Mehochko, Regional Superintendent of Schools

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

2017-001	Controls Over Financial Statement Preparation	Not repeated
	During the current audit period, the Regional Office of Education No. 24 hired an outside CPA firm to assist with the preparation of the audit. No material misstatements or disclosures were proposed by the auditors.	
2017-002	Inadequate Internal Controls Over Cash and Bank Reconciliations	Partially repeated
	During the current audit period, the auditors did not note any issues with regards to cash being misstated, signature stamp, or outstanding checks. Cash appeared to be reasonably stated.	

## **BASIC FINANCIAL STATEMENTS**

## GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,460,163	\$ 57,627	\$ 1,517,790
Investments	103,565	-	103,565
Accounts receivable	1,024	1,149	2,173
Due from other governments	94,289	-	94,289
Prepaid expenses	7,890	-	7,890
Total current assets	1,666,931	58,776	1,725,707
Noncurrent assets:			
Capital assets, net of depreciation	291,712	-	291,712
Total noncurrent assets	291,712	-	291,712
Total assets	1,958,643	58,776	2,017,419
Deferred outflows of resources:			
Deferred outflows related to pensions	6,036	-	6,036
Deferred outflows related to OPEB	30,683	-	30,683
Total deferred outflows of resources	36,719	-	36,719
Liabilities:			
Current liabilities:			
Accounts payable	7,555	-	7,555
Accrued payroll	51,879	-	51,879
Current portion of accrued rent	28,347	-	28,347
Current portion of note payable	27,922	-	27,922
Total current liabilities	115,703	-	115,703
Noncurrent liabilities:			
Accrued rent	113,386	-	113,386
Note payable	47,924	-	47,924
Net pension liability	43,553	-	43,553
Net OPEB liability	456,836	-	456,836
Total non-current liabilities	661,699	-	661,699
Total liabilities	777,402	-	777,402
Deferred inflows of resources:			
Deferred inflows related to pensions	6,224	-	6,224
Deferred inflows related to OPEB	54,656	-	54,656
Total deferred inflows of resources	60,880	-	60,880
Net position:			
Net investment in capital assets	215,866	-	215,866
Restricted - for educational purposes	342,244	-	342,244
Unrestricted	598,970	58,776	657,746
Total net position	\$ 1,157,080	\$ 58,776	\$ 1,215,856

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

## GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,065,695	\$ -	\$ 961,317	\$ (104,378)	\$ -	\$ (104,378)
Purchased services	275,322	-	271,419	(3,903)	-	(3,903)
Supplies and materials	105,631	-	92,879	(12,752)	-	(12,752)
Capital outlay	25,750	-	22,641	(3,109)	-	(3,109)
Other objects	5,630	-	4,950	(680)	-	(680)
Depreciation	62,914	-	-	(62,914)	-	(62,914)
Pension expense	1,620	-	-	(1,620)	-	(1,620)
OPEB expense	38,130	-	-	(38,130)	-	(38,130)
Interest on long-term lease liability	5,122	-	-	(5,122)	-	(5,122)
Intergovernmental:						
Payments to other governments	341,107	-	299,928	(41,179)	-	(41,179)
Administrative:						
On-behalf payments	596,660	-	-	(596,660)	-	(596,660)
Total governmental activities	2,523,581	-	1,653,134	(870,447)	-	(870,447)
Business-type activities:						
Registration fees	20,976	27,960	-	-	6,984	6,984
Tuition	7,597	7,950	-	-	353	353
Total Business-type Activities	28,573	35,910	-	-	7,337	7,337
Total Primary Government	\$ 2,552,154	\$ 35,910	\$ 1,653,134	(870,447)	7,337	(863,110)
General revenues:						
Local sources				298,643	-	298,643
On-behalf payments				596,660	-	596,660
Interest				1,265	-	1,265
Total general revenues				896,568	-	896,568
Change in net position				26,121	7,337	33,458
Net position - beginning of year, restated				1,130,959	51,439	1,182,398
Net position - ending				\$ 1,157,080	\$ 58,776	\$ 1,215,856

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

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Education Fund	Institute Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,220,920	\$ 12,324	\$ 211,357
Investments	-	-	77,788
Accounts receivable	1,024	-	-
Due from other funds	78,655	-	-
Due from other governments	-	94,289	-
Prepaid expenses	5,621	2,269	-
<b>Total assets</b>	<b>\$ 1,306,220</b>	<b>\$ 108,882</b>	<b>\$ 289,145</b>
<b>Liabilities:</b>			
Accounts payable	\$ 6,857	\$ 698	\$ -
Accrued payroll and employee benefits	34,110	17,769	-
Due to other funds	-	78,655	-
<b>Total liabilities</b>	<b>40,967</b>	<b>97,122</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	24,279	-
<b>Fund balances (deficits):</b>			
Nonspendable	88,585	2,269	-
Restricted	-	10,608	289,145
Assigned	536,365	-	-
Unassigned	640,303	(25,396)	-
<b>Total fund balances (deficits)</b>	<b>1,265,253</b>	<b>(12,519)</b>	<b>289,145</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 1,306,220</b>	<b>\$ 108,882</b>	<b>\$ 289,145</b>

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

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 15,562	\$ -	\$ 1,460,163
Investments	25,777	-	103,565
Accounts receivable	-	-	1,024
Due from other funds	-	(78,655)	-
Due from other governments	-	-	94,289
Prepaid expenses	-	-	7,890
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 41,339</u>	<u>\$ (78,655)</u>	<u>\$ 1,666,931</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 7,555
Accrued payroll and employee benefits	-	-	51,879
Due to other funds	-	(78,655)	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>(78,655)</u>	<u>59,434</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	-	24,279
	<hr/>	<hr/>	<hr/>
<b>Fund balances (deficits):</b>			
Nonspendable	-	-	90,854
Restricted	41,339	-	341,092
Assigned	-	-	536,365
Unassigned	-	-	614,907
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<u>41,339</u>	<u>-</u>	<u>1,583,218</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 41,339</u>	<u>\$ (78,655)</u>	<u>\$ 1,666,931</u>

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

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

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

Total fund balance - governmental funds		\$ 1,583,218
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		291,712
Accrued rent reflects rent expense in excess of rental payments that are recognized as an expense when paid in the fund financial statements. The Statement of Activities amortizes the total payments over the life of the rental agreement.		(141,733)
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.		24,279
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:		
Other post employment benefit obligations:		
Deferred outflows of resources	30,683	
Deferred inflows of resources	<u>(54,656)</u>	(23,973)
Pension:		
Deferred outflows of resources	6,036	
Deferred inflows of resources	<u>(6,224)</u>	(188)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Other postemployment benefit obligations	(456,836)	
Note payable	(75,846)	
Net pension liability	<u>(43,553)</u>	<u>(576,235)</u>
Net position of governmental activities		<u>\$ 1,157,080</u>

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

## GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 171,385	\$ -	110,488	\$ 16,770	\$ 298,643
State sources	1,050,398	546,359	-	1,717	1,598,474
Federal sources	-	174,849	-	-	174,849
On-behalf payments	259,010	-	-	-	259,010
Interest	135	-	1,107	23	1,265
Total revenues	<u>1,480,928</u>	<u>721,208</u>	<u>111,595</u>	<u>18,510</u>	<u>2,332,241</u>
Expenditures:					
Instructional services:					
Salaries and benefits	662,740	390,550	-	12,405	1,065,695
Purchased services	266,165	42,521	26,697	-	335,383
Supplies and materials	103,036	2,593	-	2	105,631
Other objects	-	-	-	5,630	5,630
Pension expense	1,285	1,033	-	-	2,318
OPEB expense	3,517	-	-	-	3,517
On-behalf payments	259,010	-	-	-	259,010
Intergovernmental:					
Payments to other governments	182,000	159,107	-	-	341,107
Capital outlay	25,750	-	-	-	25,750
Total expenditures	<u>1,503,503</u>	<u>595,804</u>	<u>26,697</u>	<u>18,037</u>	<u>2,144,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,575)</u>	<u>125,404</u>	<u>84,898</u>	<u>473</u>	<u>188,200</u>
Fund balances (deficit), beginning of year	<u>1,287,828</u>	<u>(137,923)</u>	<u>204,247</u>	<u>40,866</u>	<u>1,395,018</u>
Fund balances (deficit), end of year	<u>\$ 1,265,253</u>	<u>\$ (12,519)</u>	<u>\$ 289,145</u>	<u>\$ 41,339</u>	<u>\$ 1,583,218</u>

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

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances		\$	188,200
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Depreciation expense			(62,914)
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.			
Current year unavailable revenue	\$	24,279	
Prior year unavailable revenue		(144,468)	(120,189)
Certain expenses in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.			
Cash paid to lessor	\$	119,717	
Amortization of prepaid expense		12,000	
Amortization of rent expense		(71,656)	
Interest on long-term lease liability		(5,122)	54,939
Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension or OPEB expense (benefit).			
Pension contributions	\$	2,318	
OPEB expense		(34,613)	
Cost of benefits earned, net		(1,620)	(33,915)
Change in net position of governmental activities		\$	<u>26,121</u>

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

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	Business-type Activities - Nonmajor Enterprise Funds				Totals
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Professional Teaching and Training Center	
Assets:					
Current assets:					
Cash and cash equivalents	\$ 32,533	\$ 10,051	\$ 348	\$ 14,695	\$ 57,627
Accounts receivable	350	-	-	799	1,149
Total current assets	32,883	10,051	348	15,494	58,776
Net position:					
Unrestricted	32,883	10,051	348	15,494	58,776
Total net position	\$ 32,883	\$ 10,051	\$ 348	\$ 15,494	\$ 58,776

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

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

	Business-type Activities - Nonmajor Enterprise Funds				Totals
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Professional Teaching and Training Center	
Operating revenues:					
Charges for services:					
Tuition	\$ -	\$ 7,950	\$ -	\$ -	\$ 7,950
Registration fees	16,416	-	-	11,544	27,960
Total operating revenues	<u>16,416</u>	<u>7,950</u>	<u>-</u>	<u>11,544</u>	<u>\$ 35,910</u>
Operating expenses:					
Salaries and benefits	-	7,583	-	-	7,583
Purchased services	12,175	14	-	8,801	20,990
Total operating expenses	<u>12,175</u>	<u>7,597</u>	<u>-</u>	<u>8,801</u>	<u>28,573</u>
Operating Income (Loss)	<u>4,241</u>	<u>353</u>	<u>-</u>	<u>2,743</u>	<u>7,337</u>
Change in net position	<u>4,241</u>	<u>353</u>	<u>-</u>	<u>2,743</u>	<u>7,337</u>
Net position - beginning of year	<u>28,642</u>	<u>9,698</u>	<u>348</u>	<u>12,751</u>	<u>51,439</u>
Net position - end of year	<u><u>\$ 32,883</u></u>	<u><u>\$ 10,051</u></u>	<u><u>\$ 348</u></u>	<u><u>\$ 15,494</u></u>	<u><u>\$ 58,776</u></u>

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

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Nonmajor Enterprise Funds				Totals
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Professional Teaching and Training Center	
Cash flows from operating activities:					
Receipts from customers	\$ 16,476	\$ 7,950	\$ -	\$ 10,745	\$ 35,171
Payments to suppliers and providers of goods and services	(12,175)	(14)	-	(8,801)	(20,990)
Payments to employees	-	(7,583)	-	-	(7,583)
Net cash provided by (used for) operating activities	<u>4,301</u>	<u>353</u>	<u>-</u>	<u>1,944</u>	<u>6,598</u>
Net increase in cash and cash equivalents	4,301	353	-	1,944	6,598
Cash and cash equivalents - beginning of year	<u>28,232</u>	<u>9,698</u>	<u>348</u>	<u>12,751</u>	<u>51,029</u>
Cash and cash equivalents - end of year	<u>\$ 32,533</u>	<u>\$ 10,051</u>	<u>\$ 348</u>	<u>\$ 14,695</u>	<u>\$ 57,627</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 4,241	\$ 353	\$ -	\$ 2,743	\$ 7,337
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Change in:					
Accounts receivable	60	-	-	(799)	(739)
Net cash provided by (used for) operating activities	<u>\$ 4,301</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 1,944</u>	<u>\$ 6,598</u>

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

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2018

	Private-Purpose Scholarship Funds		Total	Agency Funds
	Martha Slyther Scholarship Fund	Community Foundation Scholarship Fund		
Assets:				
Cash and cash equivalents	\$ 13,370	\$ 500	\$ 13,870	\$ 187,233
Due from other governments	-	-	-	48,648
Total assets	<u>\$ 13,370</u>	<u>\$ 500</u>	<u>\$ 13,870</u>	<u>\$ 235,881</u>
Liabilities:				
Due to other governments	\$ -	\$ -	\$ -	\$ 235,881
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 235,881</u>
Net position:				
Reserved for scholarships	<u>\$ 13,370</u>	<u>\$ 500</u>	<u>\$ 13,870</u>	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Private-Purpose Scholarship Funds		Total
	Martha Slyther Scholarship Fund	Community Foundation Scholarship Fund	
Additions:			
Interest	\$ 127	\$ -	\$ 127
Total Additions	127	-	127
Deductions:			
Service charges	65	-	65
Scholarships and awards	2,000	-	2,000
Total Deductions	2,065	-	2,065
Change in net position	(1,938)	-	(1,938)
Net position, beginning of year	15,308	500	15,808
Net position, end of year	\$ 13,370	\$ 500	\$ 13,870

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

**NOTES TO FINANCIAL STATEMENTS**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education No. 24's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education No. 24 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Grundy and Kendall counties.

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

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art, and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health, and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 24 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 24 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 24's financial statements. In addition, the Regional Office of Education No. 24 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 24 being considered a component unit of the entity.

**B. Government-wide and Fund Financial Statements**

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

The Statement of Net Position includes all of the Regional Office of Education No. 24's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as 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. All internal balances in the Statement of Net Position have been eliminated.

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

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

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

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 24 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 24's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 24's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

**1. Governmental Funds**

The Regional Office of Education No. 24 reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Regional Office of Education No. 24 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 24. Included in this fund are:

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. Governmental Funds** (Continued)

**General Fund** (Continued)

**General School Fund** – To account for the general operating fund. It has been used to record transactions in connection with general administrative activities.

**Payroll** – To account for income received for and expenses paid for the payroll for certain employees who are paid by Grundy and Kendall Counties.

**Interest** – This fund accounts for interest revenue earned on the Regional Office’s bank accounts.

**Illinois Tobacco** – This fund accounts for revenues and expenditures associated with the curriculum and materials for tobacco prevention for youth and incentives for the stop smoking program for youth.

**Grundy County Health Department** – This fund accounts for local revenues and expenditures associated with a contract the Regional Office has with the Grundy County Health Department.

**Grundy/Kendall Counties State Aid** – To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are directly received from the Illinois State Board of Education.

**Premier Local Revenue** – To account for funds collected from students at the Morris campus to pay to take those students bowling.

**No Tolerance Task Force** – This fund accounts for donations received from individuals for the No Tolerance Task Force program.

**In Touch Local** – This fund accounts for revenues and expenditures related to a youth group fundraiser that was held in fiscal year 2009.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. Governmental Funds** (Continued)

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

**Workforce Investment Act (WIA) Grant** – To account for federal monies received and payment of expenditures for the Workforce Investment Act passed through Kane County. Training programs include tutoring, mentoring, and study skills training for underprivileged youth.

**Truants Alternative Optional Education Program (TAOEP)** – To account for grant monies received for, and payment of expenditures for TAOEP. This program provides assistance to students and families when students have excessive absenteeism.

**Will County Truants Alternative Optional Education Program** – To account for State grant monies received from Will County for payment of expenditures for the TAOEP.

**No Tolerance Task Force** – To account for monies received for, and payment of expenditures for the No Tolerance Task Force. This program is a community partnership for zero tolerance against drug abuse and gangs.

**McKinney–Vento Education for Homeless Children and Youth** – To account 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 passed through the Will County Regional Office of Education No. 56.

**ROE/ISC Operations** – To account for monies passed through to the Professional Development Alliance.

**Fairmont Literacy Program** – To account for grant monies received for and payment of expenses to improve the students' reading and literacy achievements in the Fairmont School District.

**Title II – Teacher Quality – Leadership Grant** – To account for monies received from the State (federal dollars) to support school improvement services for schools in academic difficulty.

**Regional Safe School** – To account for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education. This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. Governmental Funds** (Continued)

**Institute Fund** – This special revenue fund accounts for teacher licenses registration, issuance, and evaluation fees for processing licenses, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

The Regional Office of Education No. 24 reports the following nonmajor governmental funds:

**Nonmajor Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

**School Bus Driver Training** – This fund accounts for bus drivers’ permit fees which may be expended for bus drivers’ refresher courses.

**General Education Development** – To account for the Regional Office of Education’s administration of the GED Testing Program. Revenues are received from testing and diploma fees.

**2. Proprietary Fund**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 24 reports the following nonmajor proprietary funds:

**Criminal Backgrounds** – This fund accounts for revenues and expenditures associated with criminal background checks conducted by the Regional Office.

**Grundy County Summer School** – This fund accounts for revenues and expenditures associated with summer school programs conducted by the Grundy and Kendall Counties Regional Office of Education No. 24.

**Will County Summer School** – This fund accounts for revenues and expenditures associated with Will County summer school programs conducted by the Grundy and Kendall Counties Regional Office of Education No. 24.

**Professional Training and Teaching Center (PTTC)** – This fund accounts for revenues and expenditures associated with professional exams.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**3. Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 24 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**Private Purpose Scholarship Funds** – Private purpose scholarship funds are used to account for assets held by Regional Office of Education No. 24 under trust agreements which require income earned to be used to benefit individuals through scholarship awards. Private purpose scholarship funds include the following:

**Martha Slyther Scholarship Fund** – To account for the Martha Slyther Scholarship Fund which was received from an estate to be used for the purpose of providing scholarships to students in Kendall County.

**Community Foundation Scholarship Fund** – To account for the Community Foundation Scholarship Fund which was received from an individual to be used for the purpose of providing scholarships to students going into the medical field.

**Agency Funds** – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

**Distributive Fund** – To account for funds received and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due them from general State aid, State categorical grants, and various other sources. Interest earned on Distributive Fund assets is used to fund existing programs.

**Outdoor Education Cooperative** – To account for funds received and disbursed for the Outdoor Education Cooperative.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**1. Deposits and Investments**

The Regional Office of Education No. 24 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 24 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 24 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

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

**3. Capital assets**

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets, such as equipment, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Leasehold improvements	15

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

Deferred inflows of resources on the Governmental Funds Balance Sheet consist of grant receivables not collected within sixty days after the year end. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and unrecognized items that have not yet reduced pension and OPEB expense.

**5. Equity Classifications**

**Government-wide and Proprietary Fund Statements**

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

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

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

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**5. Equity Classifications** (Continued)

**Governmental Fund Statements**

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

**Nonspendable Fund Balance** - the portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. A portion of the fund balance for the WIA Grant, Truants Alternative Optional Education Program, McKinney–Vento Education for Homeless Children and Youth, and Regional Safe School are presented as nonspendable. These nonspendable fund balances are for prepaid expenses. In addition, a portion of the fund balance for Grundy/Kendall Counties State Aid is presented as nonspendable. This nonspendable fund balance is to be maintained in a separate Strict Joint Order Escrow bank account as required by a lease the Regional Office entered into during fiscal year 2012.

**Restricted Fund Balance** - the portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements or contracts: Will County Truants Alternative Optional Education Program, McKinney-Vento Education for Homeless Children and Youth, Fairmont Literacy Program, and Title II – Teacher Quality – Leadership Grant. The following funds are restricted by Illinois Statute: Institute, School Bus Driver Training, and General Education Development.

**Committed Fund Balance** - the portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

**Assigned Fund Balance** - the portion of a governmental fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Illinois Tobacco, Grundy/Kendall Counties State Aid, Premier Local Revenue, and No Tolerance Task Force.

**Unassigned Fund Balance** - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of General School Fund, Payroll, Interest, Grundy County Health Department, In Touch Local, Truants Alternative Optional Education Program, WIA Grant, and No Tolerance Task Force, and Regional Safe School.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**6. Compensated Absences**

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and 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.

**E. New Accounting Pronouncements**

In 2018, the Regional Office of Education No. 24 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 No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Regional Office of Education No. 24.

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

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* notes that an implicit subsidy occurs when employers offer inactive employees the opportunity to participate in the same health insurance pool as active employees at the same blended premium rates. The subsidy is created by the difference in premium inactive/retirees would pay if purchasing insurance separately from the ROE group and the lower blended rate they pay by being included in the group. The implicit rate subsidy must be recorded as a liability under GASB 75 to be paid out when the employee either retires or becomes disabled.

The Regional Office of Education No. 24 did not have a group insurance plan for its IMRF employees. Rather than procure a group plan for its IMRF employees, the ROE purchased a plan for each individual IMRF employee with varying premiums based upon the individual, such as the individual's age, as opposed to the group as a whole. Because of the way ROE 24 purchased insurance for its employees, an implicit subsidy is not created and, therefore, no OPEB liability is accumulated or recorded on the ROE's financial statements.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education No. 24 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from State and federal agencies, primarily the Illinois State Board of Education, are prepared and submitted to the granting agencies for approval as part of the grant awards process. The granting agencies must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: WIA Grant, Truants Alternative Optional Education Program, McKinney – Vento Education for Homeless Children and Youth, ROE/ISC Operations, Title II - Teacher Quality Leadership Grant, and Regional Safe School.

**3. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS**

The Regional Office of Education No. 24 has agreements with all districts in the region whereby the Regional Office of Education No. 24 is allowed to keep the interest received on Distributive Fund receipts for expenditures benefiting all districts.

**5. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2018, the carrying amount of the Regional Office of Education No. 24's governmental activities, business-type activities, and fiduciary funds were \$1,414,563, \$57,627, and \$ 201,103 respectively. The bank balances totaled \$1,898,292, of which \$511,707 was covered by FDIC insurance, \$1,302,065 was fully collateralized and \$84,520 was uncollateralized and uninsured.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education No. 24's deposits may not be returned to it. The Regional Office of Education No. 24 does not have a deposit policy for custodial risk.

**B. Investments**

The Regional Office of Education No. 24's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$103,565 shown as investments for governmental activities. Certificates of deposit are considered deposits and, as such, are included in the deposits note (5A) above.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**5. DEPOSITS AND INVESTMENTS** (Continued)

**B. Investments** (Continued)

At June 30, 2018, the carrying amount of the Regional Office of Education No. 24's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$149,165. The bank balance invested in the Illinois Funds Money Market Fund was \$148,590. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 24's governmental activities.

**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 Investment Act, 30 ILCS 235. All investments are fully collateralized.

**Interest Rate Risk**

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

**Concentration of Credit Risk**

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

**6. RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

The Regional Office of Education No. 24 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 24 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**7. CONTINGENCIES**

The Regional Office of Education No. 24 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 24 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 24's operations.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**8. BOND**

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 24 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 24 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**9. CAPITAL ASSETS**

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

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental Activities:				
Capital assets being depreciated:				
Equipment	\$ 35,688	-	-	35,688
Leasehold improvements	450,000	-	-	450,000
Building improvements	146,949	-	-	146,949
Total assets	<u>632,637</u>	<u>-</u>	<u>-</u>	<u>632,637</u>
Less accumulated depreciation for:				
Equipment	(18,727)	(4,050)	-	(22,777)
Leasehold improvements	(194,881)	(42,519)	-	(237,400)
Building improvements	(64,403)	(16,345)	-	(80,748)
Total accumulated depreciation	<u>(278,011)</u>	<u>(62,914)</u>	<u>-</u>	<u>(340,925)</u>
Governmental activities capital assets, net	<u>\$ 354,626</u>	<u>(62,914)</u>	<u>-</u>	<u>291,712</u>
Business-type Activities:				
Capital assets being depreciated:				
Equipment	\$ 15,706	-	-	15,706
Less accumulated depreciation for:				
Equipment	<u>(15,706)</u>	<u>-</u>	<u>-</u>	<u>(15,706)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 24 as follows:

Governmental Activities:	
Instructional services	\$62,914
Business-type Activities:	
Registration fees	\$ -

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS**

*A. Teachers Retirement System of the State of Illinois*

**General Information about the Plan**

*Plan Description*

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

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

*Benefits Provided*

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-023, 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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10: RETIREMENT FUND COMMITMENTS – (Continued)**

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

*Contributions - continued*

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 employer.

On Behalf Contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, State of Illinois contributions recognized by the employer were based on the state’s proportionate share of the collective net pension liability associated with the Regional Office of Education No. 24, and the Regional Office of Education No. 24 recognized revenue and expenditures of \$295,078 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 \$2,318, and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and Special Trust Fund Contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 24, there is a statutory requirement for the Regional Office of Education No. 24 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, there were no salaries paid from federal and special trust funds that required employer contributions.

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 Employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The Employer 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 employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10: RETIREMENT FUND COMMITMENTS – (Continued)**

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

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

At June 30, 2018, the Regional Office of Education No. 24 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:

Regional Office of Education No. 24's proportionate share of the net pension liability	\$	43,553
State's proportionate share of the net pension liability associated with the employer		2,998,295
Total	\$	3,041,848

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 Employer'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 employer's proportion was 0.0000570083 percent, which was a decrease of 0.000000364 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Employer recognized pension expense of \$295,078, and the revenue of \$295,078 for support provided by the State. For the year ended June 30, 2018, the Employer recognized a pension expense of \$1,620. At June 30, 2018, the Employer 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
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 473	20
Changes of assumptions	2,907	1,252
Changes in proportion and differences between employer contributions and proportionate share of contributions	308	4,952
Net difference between projected and actual earnings on pension plan investments	30	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	3,718	6,224
<b>Pension Contributions made Subsequent to the Measurement Date</b>	2,318	-
<b>Total Deferred Amounts Related to Pensions</b>	\$ 6,036	6,224

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10: RETIREMENT FUND COMMITMENTS – (Continued)**

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

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

\$2,318 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 in these reporting years:

Year Ended June 30,	Net Deferred Outflows (Inflows) of Resources
2019	\$ (1,929)
2020	122
2021	(101)
2022	(556)
2023	(42)
Total	<u>\$ (2,506)</u>

*Actuarial Assumptions*

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

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

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

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:

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10: RETIREMENT FUND COMMITMENTS – (Continued)**

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

*Actuarial Assumptions (Continued)*

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

*Discount Rate*

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

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10: RETIREMENT FUND COMMITMENTS – (Continued)**

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

*Sensitivity of the Regional Office of Education No. 24’s proportionate share of the net pension liability to changes in the discount rate*

The following presents the Regional Office of Education No. 24’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Regional Office of Education No. 24’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	\$ 53,511	43,553	35,397

*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*.

**GRUNDY AND KENDALL COUNTIES  
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**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund**

**Change in Employer Demographics**

The Regional Office of Education has not reported the full amount of the actuarially provided balances for pension activity related to the Illinois Municipal Retirement Fund (IMRF). In previous years, the Kendall County Special Ed Co-op had employees that were included on the Illinois Municipal Retirement Fund actuary report for the Regional Office of Education No. 24. During the year ended June 30, 2017, the Kendall County Special Ed Co-op obtained its own IMRF account number and all of its employees were transferred to the new account number. These employees were included in the actuary report for the Regional Office as inactive employees.

**IMRF Plan Description**

The Regional Office of Education No. 24's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 24's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent 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 percent of the original amount on January 1 every year after retirement.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Benefits Provided** (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent 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.

**Contributions**

As set by statute, the Regional Office of Education No. 24's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 24's annual contribution rate for calendar year 2017 was 8.86 percent. For the fiscal year ended June 30, 2018, the Regional Office of Education No. 24 contributed \$3,924 to the plan. The Regional Office of Education No. 24 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.

**C. Social Security**

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS**

**THIS Plan Description**

The Regional Office of Education No. 24 participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

**Benefits Provided**

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the 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. 24. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 24 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 24, and recognized revenue and expenditures of \$42,572 in OPEB contributions from the State of Illinois.

**Employer contributions to the THIS Fund**

The Regional Office of Education No. 24 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 24 paid \$3,517 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office of Education No. 24 paid \$3,402 and \$3,065 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS**

**Further information on the THIS Fund**

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

**Actuarial Assumptions**

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

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

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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS**

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

The following presents the Regional Office of Education No. 24’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:

	<b><u>1% Decrease (2.56%)</u></b>	<b><u>Current Discount Rate (3.56%)</u></b>	<b><u>1% Increase (4.56%)</u></b>
Employer’s proportionate share of the collective net OPEB liability	\$ 548,364	\$ 456,836	\$ 383,844

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

The following table shows the Regional Office of Education No. 24’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.

	<b><u>1% Decrease<sup>a</sup></u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase<sup>b</sup></u></b>
Employer’s proportionate share of the collective net OPEB liability	\$ 368,823	\$ 456,836	\$ 583,495

<sup>a</sup> 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.

<sup>b</sup> 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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS**

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

At June 30, 2018, the Regional Office of Education No. 24 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 24. The amount recognized by the Regional Office of Education No. 24 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 24 were as follows:

Employer's proportionate share of the net OPEB liability	\$ 456,836
State's proportionate share of the net OPEB liability associated with the employer	<u>599,953</u>
<b>Total</b>	<b><u>\$ 1,056,789</u></b>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 24's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 24's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 24, actuarially determined. At June 30, 2017, the Regional Office of Education No. 24's proportion was 0.001761 percent, which was an increase of 0.000116 from its proportion measured as of June 30, 2016 (0.001645 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Regional Office of Education No. 24 recognized OPEB expense of \$42,572 and revenue of \$42,572 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education No. 24 recognized OPEB expense of \$38,130. At June 30, 2018, the Regional Office of Education No. 24 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	259
Changes of assumptions	-	54,392
Net difference between projected and actual earnings on OPEB plan investments	-	5
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,166	-
Employer contributions subsequent to the measurement date	<u>3,517</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<b><u>\$ 30,683</u></b>	<b><u>\$ 54,656</u></b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS**

\$3,517 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 24 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 24's OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Net Deferred Outflows of Resources</b>
2019	(\$4,223)
2020	(4,223)
2021	(4,223)
2022	(4,223)
2023	(4,223)
Thereafter	(6,375)
Total	(\$27,490)

**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.

**12. INTERFUND RECEIVABLES AND PAYABLES**

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

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	\$ 78,655	-
Educational Fund	-	78,655
	\$ 78,655	78,655

All of the interfund balances due to the General Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

**GRUNDY AND KENDALL COUNTIES  
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**NOTES TO FINANCIAL STATEMENTS**

**13. OPERATING LEASE/ACCRUED RENT**

On June 25, 2012, the Regional Office entered into a lease agreement for a new alternative school location. The lease term is July 1, 2015 through June 30, 2023. The agreement provides for a four-year extension and the landlord is to make certain leasehold improvements to the structure. The agreement required the Regional Office to place the sum of \$494,802 into a Strict Joint Order Escrow investment account upon execution of the lease. This amount will be decreased by base rent of \$131,714 each year. During fiscal year 2018, there was an additional rental payment of \$100,000. This will increase each year by the Consumer Price Index for all Urban Consumers (CPI-U).

Rental expense for the year ended June 30, 2018 was \$131,714.

Future minimum rentals for the year ending June 30 are:

For the Year Ending	Amount
2019	\$ 131,714
2020	131,714
2021	119,536
2022	100,000
2023	100,000
	<u>\$ 582,964</u>

According to GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, if an operating lease contains payment requirements in a particular year that are artificially low (for example, to ease the lessee's near-term cash flow requirements), governmental entities should measure the operating lease transactions either on a straight-line basis over the lease term or based on the estimated fair value of the rental.

The Regional Office of Education No. 24 entered into a lease transaction on June 25, 2012 that did not require a rental payment until the fiscal year ended June 30, 2016. This rental agreement does not meet the criteria of systematic and rational. An accrued rent has been recorded to account for the excess rent expense incurred greater than the cash paid. This is accounted for in the government-wide Statement of Net Position and Statement of Activities.

The accrued rental activity associated with this operating lease for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental Funds	<u>\$ 170,079</u>	<u>71,653</u>	<u>99,999</u>	<u>141,733</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**14. NOTE PAYABLE**

The Regional Office of Education No. 24 had the following loan at June 30, 2018:

Governmental Activities:

Loan from the landlord of the above mentioned lease dated June 25, 2012 in the amount of \$450,000 to finance the leasehold improvements at the alternative school location. It is payable in annual installments of \$31,714 with a maturity date of December 31, 2020.

\$75,846

Debt service requirements to maturity for governmental activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 27,922	3,792	31,714
2020	29,318	2,396	31,714
2021	18,606	930	19,536
Total Payments	<u>\$ 75,846</u>	<u>7,118</u>	<u>82,964</u>

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2018 was as follows:

	June 30, 2017	Increases	Decreases	June 30, 2018
Governmental Funds	<u>\$ 102,438</u>	<u>-</u>	<u>26,592</u>	<u>75,846</u>

**15. DEFICIT FUND BALANCES/NET POSITION**

The following individual funds carried the following deficit balances as of June 30, 2018:

Fund	Deficit Balance
WIA Grant	\$ (440)
Truants Alternative Optional Education Program	(11,488)
Regional Safe Schools	(11,280)
No Tolerance Task Force	(90)

The Regional Office of Education No. 24 anticipates collecting revenue not yet “available” to reduce the deficit fund balance in certain funds. Additional steps, such as reduction of expenditures or transfers of unrestricted funds will also be taken to reduce deficit fund balances.

**GRUNDY AND KENDALL COUNTIES  
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**NOTES TO FINANCIAL STATEMENTS**

**16. DUE TO/DUE FROM OTHER GOVERNMENTS**

The Regional Office of Education No. 24 had funds due from/to various other governmental units which consisted of the following at June 30, 2018:

**Due From Other Governments:**

Educational Fund:	
Illinois State Board of Education	\$ 48,558
Kane County	45,731
	94,289
Total Educational Fund	\$ 94,289

Agency Fund:	
Illinois State Board of Education	\$ 48,648
	48,648

**Due To Other Governments:**

Agency Fund:	
Local Governments	\$ 235,881
	235,881

**17. ON-BEHALF PAYMENTS**

The Regional Office of Education No. 24 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

State of Illinois	
Regional Superintendent - salary	\$ 115,176
Assistant Regional Superintendent - salary	103,656
Regional Superintendent Fringe Benefit (includes State paid insurance)	33,604
Assistant Regional Superintendent Fringe Benefit (includes State paid insurance)	6,574
Total	\$ 259,010

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**17. ON-BEHALF PAYMENTS - CONTINUED**

The Regional Office of Education No. 24 also recorded \$295,078 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense and \$42,572 for the State's Teachers' Health Insurance System (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 24 has not included any on-behalf payments related to the State's TRS pension expense or the THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois On-Behalf Payments (TRS)	\$	259,010
State of Illinois On-Behalf Payments (THIS)		42,572
ROE No. 24's Share of TRS Pension Expense		<u>295,078</u>
Total	\$	<u><u>596,660</u></u>

**18. LONG-TERM LIABILITIES (ASSETS)**

The following is a summary of the changes in the Regional Office of Education No. 24's long-term liabilities (assets):

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Net pension liability - TRS	\$ 45,287	\$ -	\$ 1,734	\$ 43,553
Net OPEB liability - THIS*	446,196	10,640	-	456,836
Total long-term liabilities	<u>491,483</u>	<u>10,640</u>	<u>1,734</u>	<u><u>500,389</u></u>

\* Restated beginning balance

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

**19. RESTATEMENT**

The Regional Office of Education No. 24 reclassified net position from the Governmental Activities for the year ended June 30, 2018. An adjustment of \$446,196 was made to beginning Governmental Activities net position due to the Regional Office of Education No. 24 implementing GASB 75 for the year ended June 30, 2018 for the OPEB. An adjustment of \$4,994 was made to beginning Governmental Activities Net Position due to the Regional Office of Education No. 24 eliminating the Health Insurance OPEB due to aged based premiums.

<u>Governmental Activities</u>	
Net Position - July 1, 2017	\$ 1,572,161
Effect of implementing GASB 75	(446,196)
Health Insurance OPEB elimination	<u>4,994</u>
Net Position - July 1, 2017, restated	<u><u>\$ 1,130,959</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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

	Fiscal Year Ending June 30,*			
	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0000570083%	0.00005737%	0.00006395%	0.00006272%
Employer's proportionate share of the net pension liability	\$ 43,553	\$ 45,287	\$ 41,897	\$ 38,172
State's proportionate share of the net pension liability associated with the employer	2,998,295	3,040,677	2,501,777	2,380,426
<b>Total</b>	<b>\$ 3,041,848</b>	<b>\$ 3,085,964</b>	<b>\$ 2,543,674</b>	<b>\$ 2,418,598</b>
Employer's covered payroll	\$ 404,964	\$ 383,091	\$ 386,370	\$ 385,853
Employer's proportionate share of the net pension liability as a percentage of covered payroll	10.8%	11.8%	10.8%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

**Notes to Schedule:**

**Changes of Assumptions**

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

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

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS—  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)**

**For the years ended June 30, 2018, 2017, 2016, 2015, and 2014**

<u>Year Ended June 30,</u>	<u>Statutorily- Required Contribution</u>	<u>Contributions in Relation to the Statutorily- Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 2,318	\$ 2,318	\$ -	\$ 399,615	0.58%
2017	2,349	2,349	-	404,964	0.58%
2016	2,222	2,222	-	383,091	0.58%
2015	2,241	2,241	-	386,370	0.58%
2014	2,238	2,238	-	385,853	0.58%

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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

	Fiscal Year Ending June 30,*	
	2017	2016
Employer's proportion of the collective net OPEB liability	0.001761%	0.001645%
Employer's proportionate share of the collective net OPEB liability	\$ 456,836	\$ 449,598
State's proportionate share of the collective net OPEB liability associated with the Employer	599,953	623,482
Total	<u>\$ 1,056,789</u>	<u>\$ 1,073,080</u>
Employer's covered payroll	\$ 404,964	\$ 383,091
Employer's proportionate share of the collective net OPEB liability as a percentage of covered payroll	112.8%	117.4%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**TEACHERS' HEALTH INSURANCE SECURITY FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)**

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

Year Ended June 30,	Statutorily-Required Contribution	Contributions in Relation to the Statutorily-Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 3,517	\$ 3,517	\$ -	\$ 399,615	0.88%
2017	3,402	3,402	-	404,964	0.84%
2016	3,065	3,065	-	383,091	0.80%

Notes to Required Supplementary Information

The information in both schedules will accumulate until a full 10 year trend is presented as required by Statement No. 75.

*Changes of Benefit Term*

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

*Changes of Assumptions*

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

**SUPPLEMENTARY INFORMATION**

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2018

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department
<b>Assets:</b>					
Cash and cash equivalents	\$ 549,848	\$ 12,012	\$ 58	\$ 3,745	\$ 45
Accounts receivable	1,024	-	-	-	-
Due from other funds	78,655	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 629,527</b>	<b>\$ 12,012</b>	<b>\$ 58</b>	<b>\$ 3,745</b>	<b>\$ 45</b>
<b>Liabilities:</b>					
Accounts payable	\$ 1,345	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-
<b>Total liabilities</b>	<b>1,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>					
Nonspendable	-	-	-	-	-
Assigned	-	-	-	3,745	-
Unassigned	628,182	12,012	58	-	45
<b>Total fund balances</b>	<b>628,182</b>	<b>12,012</b>	<b>58</b>	<b>3,745</b>	<b>45</b>
<b>Total liabilities and fund balances</b>	<b>\$ 629,527</b>	<b>\$ 12,012</b>	<b>\$ 58</b>	<b>\$ 3,745</b>	<b>\$ 45</b>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2018

	Grundy/Kendall Counties State Aid	Premier Local Revenue	No Tolerance Task Force	In Touch Local	Totals
<b>Assets:</b>					
Cash and cash equivalents	\$ 636,839	\$ 14,724	\$ 3,643	\$ 6	\$ 1,220,920
Accounts receivable	-	-	-	-	1,024
Due from other funds	-	-	-	-	78,655
Prepaid expenses	5,621	-	-	-	5,621
<b>Total assets</b>	<b>\$ 642,460</b>	<b>\$ 14,724</b>	<b>\$ 3,643</b>	<b>\$ 6</b>	<b>\$ 1,306,220</b>
<b>Liabilities:</b>					
Accounts payable	5,512	\$ -	\$ -	\$ -	\$ 6,857
Accrued payroll	34,110	-	-	-	34,110
<b>Total liabilities</b>	<b>39,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,967</b>
<b>Fund balances:</b>					
Nonspendable	88,585	-	-	-	88,585
Assigned	514,253	14,724	3,643	-	536,365
Unassigned	-	-	-	6	640,303
<b>Total fund balances</b>	<b>602,838</b>	<b>14,724</b>	<b>3,643</b>	<b>6</b>	<b>1,265,253</b>
<b>Total liabilities and fund balances</b>	<b>\$ 642,460</b>	<b>\$ 14,724</b>	<b>\$ 3,643</b>	<b>\$ 6</b>	<b>\$ 1,306,220</b>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

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

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department
Revenues:					
Local sources	\$ 20,562	\$ 120,836	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
On-behalf payments	259,010	-	-	-	-
Interest	135	-	-	-	-
Total revenues	<u>279,707</u>	<u>120,836</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Instructional services:					
Salaries and benefits	-	117,410	-	-	-
Purchased services	18,365	-	-	-	-
Supplies and materials	1,550	-	-	-	-
On-behalf payments	259,010	-	-	-	-
Pension expense	-	-	-	-	-
OPEB expense	-	-	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	-	-
Capital outlay	711	-	-	-	-
Total expenditures	<u>279,636</u>	<u>117,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71</u>	<u>3,426</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>628,111</u>	<u>8,586</u>	<u>58</u>	<u>3,745</u>	<u>45</u>
Fund balances, end of year	<u>\$ 628,182</u>	<u>\$ 12,012</u>	<u>\$ 58</u>	<u>\$ 3,745</u>	<u>\$ 45</u>

## GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

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

	Grundy/Kendall Counties State Aid	Premier Local Revenue	No Tolerance Task Force	In Touch Local	Totals
Revenues:					
Local sources	\$ 27,283	\$ 2,704	\$ -	\$ -	\$ 171,385
State sources	1,050,398	-	-	-	1,050,398
On-behalf payments	-	-	-	-	259,010
Interest	-	-	-	-	135
Total revenues	<u>1,077,681</u>	<u>2,704</u>	<u>-</u>	<u>-</u>	<u>1,480,928</u>
Expenditures:					
Instructional services:					
Salaries and benefits	544,803	-	526	-	662,739
Purchased services	247,557	-	243	-	266,165
Supplies and materials	101,148	338	-	-	103,036
On-behalf payments	-	-	-	-	259,010
Pension expense	1,285	-	-	-	1,285
OPEB expense	3,517	-	-	-	3,517
Intergovernmental:					
Payments to other governments	182,000	-	-	-	182,000
Capital outlay	25,039	-	-	-	25,750
Total expenditures	<u>1,105,349</u>	<u>338</u>	<u>769</u>	<u>-</u>	<u>1,503,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,668)</u>	<u>2,366</u>	<u>(769)</u>	<u>-</u>	<u>(22,574)</u>
Fund balances, beginning of year	<u>630,506</u>	<u>12,358</u>	<u>4,412</u>	<u>6</u>	<u>1,287,827</u>
Fund balances, end of year	<u>\$ 602,838</u>	<u>\$ 14,724</u>	<u>\$ 3,643</u>	<u>\$ 6</u>	<u>\$ 1,265,253</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2018

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	McKinney - Vento Education for Homeless Children and Youth
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 204	\$ -	\$ 6,836
Due from other funds	-	-	-	-	-
Due from other governments	45,731	24,306	-	-	-
Prepaid expenses	469	665	-	-	171
<b>Total assets</b>	<b>\$ 46,200</b>	<b>\$ 24,971</b>	<b>\$ 204</b>	<b>\$ -</b>	<b>\$ 7,007</b>
<b>Liabilities:</b>					
Accounts payable	\$ 698	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	7,958	-	-	1,716
Due to other funds	45,942	16,348	-	90	-
<b>Total liabilities</b>	<b>46,640</b>	<b>24,306</b>	<b>-</b>	<b>90</b>	<b>1,716</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	12,153	-	-	-
<b>Fund balances (deficits):</b>					
Nonspendable	469	665	-	-	171
Restricted	-	-	204	-	5,120
Unassigned	(909)	(12,153)	-	(90)	-
<b>Total fund balances (deficits)</b>	<b>(440)</b>	<b>(11,488)</b>	<b>204</b>	<b>(90)</b>	<b>5,291</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 46,200</b>	<b>\$ 24,971</b>	<b>\$ 204</b>	<b>\$ -</b>	<b>\$ 7,007</b>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2018

	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Regional Safe School	Totals
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ 1,442	\$ 3,842	\$ -	\$ 12,324
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	24,252	94,289
Prepaid expenses	-	-	-	964	2,269
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,442</b>	<b>\$ 3,842</b>	<b>\$ 25,216</b>	<b>\$ 108,882</b>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 698
Accrued payroll	-	-	-	8,095	17,769
Due to other funds	-	-	-	16,275	78,655
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,370</b>	<b>97,122</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	12,126	24,279
<b>Fund balances (deficits):</b>					
Nonspendable	-	-	-	964	2,269
Restricted	-	1,442	3,842	-	10,608
Unassigned	-	-	-	(12,244)	(25,396)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>1,442</b>	<b>3,842</b>	<b>(11,280)</b>	<b>(12,519)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ -</b>	<b>\$ 1,442</b>	<b>\$ 3,842</b>	<b>\$ 25,216</b>	<b>\$ 108,882</b>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

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

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	McKinney - Vento Education for Homeless Children and Youth
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	194,446	-	-	-
Federal sources	154,080	-	-	-	20,769
Total revenues	<u>154,080</u>	<u>194,446</u>	<u>-</u>	<u>-</u>	<u>20,769</u>
<b>Expenditures:</b>					
Instructional services:					
Salaries and benefits	140,656	130,033	-	1,493	14,261
Purchased services	11,875	1,962	-	2	1,130
Supplies and materials	2,506	-	-	-	87
Other objects	-	-	-	-	-
Pension expense	-	505	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>155,037</u>	<u>132,500</u>	<u>-</u>	<u>1,495</u>	<u>15,478</u>
Net change in fund balances	<u>(957)</u>	<u>61,946</u>	<u>-</u>	<u>(1,495)</u>	<u>5,291</u>
Fund balances (deficits), beginning of year	<u>517</u>	<u>(73,434)</u>	<u>204</u>	<u>1,405</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ (440)</u>	<u>\$ (11,488)</u>	<u>\$ 204</u>	<u>\$ (90)</u>	<u>\$ 5,291</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

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

	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Regional Safe Schools	Totals
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	159,107	-	-	192,806	546,359
Federal sources	-	-	-	-	174,849
<b>Total revenues</b>	<b>159,107</b>	<b>-</b>	<b>-</b>	<b>192,806</b>	<b>721,208</b>
<b>Expenditures:</b>					
<b>Instructional services:</b>					
Salaries and benefits	-	-	-	104,107	390,550
Purchased services	-	-	-	27,552	42,521
Supplies and materials	-	-	-	-	2,593
Other objects	-	-	-	-	-
Pension expense	-	-	-	528	1,033
<b>Intergovernmental:</b>					
Payments to other governments	159,107	-	-	-	159,107
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>159,107</b>	<b>-</b>	<b>-</b>	<b>132,187</b>	<b>595,804</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,619</b>	<b>125,404</b>
<b>Fund balances (deficits), beginning of year</b>	<b>-</b>	<b>1,442</b>	<b>3,842</b>	<b>(71,899)</b>	<b>(137,923)</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ -</b>	<b>\$ 1,442</b>	<b>\$ 3,842</b>	<b>\$ (11,280)</b>	<b>\$ (12,519)</b>

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 WIA GRANT  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 171,834	\$ 171,834	\$ 154,080
Total revenues	<u>171,834</u>	<u>171,834</u>	<u>154,080</u>
Expenditures:			
Salaries and benefits	146,814	146,814	140,656
Purchased services	15,420	15,420	11,875
Supplies and materials	2,600	2,600	2,506
Indirect costs	7,000	7,000	-
Total expenditures	<u>171,834</u>	<u>171,834</u>	<u>155,037</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(957)
Fund balance, beginning of year			<u>517</u>
Fund balance (deficit), end of year			<u>\$ (440)</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM (2017)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 133,681	\$ 133,681	\$ 60,765
Total revenues	133,681	133,681	60,765
Expenditures:			
Salaries and benefits	131,225	130,572	-
Purchased services	2,456	3,109	-
Pension expense	-	-	-
Total expenditures	133,681	133,681	-
Net change in fund balance	\$ -	\$ -	60,765
Fund balance (deficit), beginning of year			(73,434)
Fund balance (deficit), September 30, 2017			\$ (12,669)

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM (2018)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 133,681	\$ 133,681	\$ 133,681
Total revenues	<u>133,681</u>	<u>133,681</u>	<u>133,681</u>
Expenditures:			
Salaries and benefits	130,473	130,473	130,033
Purchased services	3,208	3,208	1,962
Pension expense	-	-	505
Total expenditures	<u>133,681</u>	<u>133,681</u>	<u>132,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,181
Fund balance (deficit), September 30, 2017			<u>(12,669)</u>
Fund balance (deficit), end of year			<u>\$ (11,488)</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 McKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 19,700	\$ 19,700	\$ 20,769
Total revenues	19,700	19,700	20,769
Expenditures:			
Salaries and benefits	14,356	14,356	14,261
Purchased services	4,977	4,977	1,130
Supplies and materials	367	367	87
Total expenditures	19,700	19,700	15,478
Net change in fund balance	\$ -	\$ -	5,291
Fund balance (deficit), beginning of year			-
Fund balance (deficit), end of year			\$ 5,291

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 151,526	\$ 159,107	\$ 159,107
Total revenues	151,526	159,107	159,107
Expenditures:			
Payments to other governments	151,526	159,107	159,107
Total expenditures	151,526	159,107	159,107
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 TITLE II - TEACHER QUALITY - LEADERSHIP GRANT  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 3,199	\$ 3,199	\$ -
Total revenues	<u>3,199</u>	<u>3,199</u>	<u>-</u>
Expenditures:			
Purchased services	<u>3,199</u>	<u>3,199</u>	<u>-</u>
Total expenditures	<u>3,199</u>	<u>3,199</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Fund balance, beginning of year			<u>3,842</u>
Fund balance, end of year			<u>\$ 3,842</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 REGIONAL SAFE SCHOOL (2017)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 131,170	\$ 131,170	\$ 59,424
Total revenues	<u>131,170</u>	<u>131,170</u>	<u>59,424</u>
Expenditures:			
Salaries and benefits	94,247	94,247	-
Purchased services	36,923	36,923	-
Pension expense	-	-	-
Total expenditures	<u>131,170</u>	<u>131,170</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	59,424
Fund balance (deficit), beginning of year			<u>(71,899)</u>
Fund balance (deficit), August 15, 2017			<u>\$ (12,475)</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND  
 REGIONAL SAFE SCHOOL (2018)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 133,382	\$ 133,382	\$ 133,382
Total revenues	<u>133,382</u>	<u>133,382</u>	<u>133,382</u>
Expenditures:			
Salaries and benefits	105,447	105,447	104,107
Purchased services	27,935	27,935	27,552
Pension expense	-	-	528
Total expenditures	<u>133,382</u>	<u>133,382</u>	<u>132,187</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,195
Fund balance (deficit), August 15, 2017			<u>(12,475)</u>
Fund balance (deficit), end of year			<u>\$ (11,280)</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2018

	School Bus Driver Training	General Education Development	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and cash equivalents	\$ 7,566	\$ 7,996	\$ 15,562
Investments	25,777	-	25,777
Total assets	<u>\$ 33,343</u>	<u>\$ 7,996</u>	<u>\$ 41,339</u>
Fund balances:			
Restricted	<u>\$ 33,343</u>	<u>7,996</u>	<u>41,339</u>
Total fund balances	<u>\$ 33,343</u>	<u>\$ 7,996</u>	<u>\$ 41,339</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	School Bus Driver Training	General Education Development	Totals
Revenues:			
Local sources	\$ 8,102	\$ 8,668	\$ 16,770
State sources	1,717	-	1,717
Interest	23	-	23
Total revenues	<u>9,842</u>	<u>8,668</u>	<u>18,510</u>
Expenditures:			
Salaries and benefits	4,744	7,661	12,405
Purchased services	-	-	-
Supplies and materials	-	2	2
Other objects	5,630	-	5,630
Total expenditures	<u>10,374</u>	<u>7,663</u>	<u>18,037</u>
Net change in fund balances	(532)	1,005	473
Fund balances, beginning of year	<u>33,875</u>	<u>6,991</u>	<u>40,866</u>
Fund balances, end of year	<u>\$ 33,343</u>	<u>\$ 7,996</u>	<u>\$ 41,339</u>

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2018

	Distributive Fund	Outdoor Education Cooperative	Totals
Assets:			
Cash and cash equivalents	\$ 175,302	\$ 11,931	\$ 187,233
Due from other governments	48,573	75	48,648
Total assets	<u>\$ 223,875</u>	<u>\$ 12,006</u>	<u>\$ 235,881</u>
Liabilities:			
Due to other governments	<u>\$ 223,875</u>	<u>\$ 12,006</u>	<u>\$ 235,881</u>
Total liabilities	<u>\$ 223,875</u>	<u>\$ 12,006</u>	<u>\$ 235,881</u>

GRUNDY AND KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
<u>Distributive Fund</u>				
Assets:				
Cash and cash equivalents	\$ 49,880	\$ 2,677,420	\$ 2,551,998	\$ 175,302
Due from other governments	2,106,673	48,573	2,106,673	48,573
Total assets	<u>\$ 2,156,553</u>	<u>\$ 2,725,993</u>	<u>\$ 4,658,671</u>	<u>\$ 223,875</u>
Liabilities:				
Due to other governments	\$ 2,156,553	\$ 2,725,993	\$ 4,658,671	\$ 223,875
Total liabilities	<u>\$ 2,156,553</u>	<u>\$ 2,725,993</u>	<u>\$ 4,658,671</u>	<u>\$ 223,875</u>
<u>Outdoor Education Cooperative</u>				
Assets:				
Cash and cash equivalents	\$ 17,349	\$ 102,110	\$ 107,528	\$ 11,931
Due from other governments	672	-	597	75
Total assets	<u>\$ 18,021</u>	<u>\$ 102,110</u>	<u>\$ 108,125</u>	<u>\$ 12,006</u>
Liabilities:				
Due to other governments	\$ 18,021	\$ 102,110	\$ 108,125	\$ 12,006
Total liabilities	<u>\$ 18,021</u>	<u>\$ 102,110</u>	<u>\$ 108,125</u>	<u>\$ 12,006</u>
<u>Totals</u>				
Assets:				
Cash and cash equivalents	\$ 67,229	\$ 2,779,530	\$ 2,659,526	\$ 187,233
Due from other governments	2,107,345	48,573	2,107,270	48,648
Total assets	<u>\$ 2,174,574</u>	<u>\$ 2,828,103</u>	<u>\$ 4,766,796</u>	<u>\$ 235,881</u>
Liabilities:				
Due to other governments	\$ 2,174,574	\$ 2,828,103	\$ 4,766,796	\$ 235,881
Total liabilities	<u>\$ 2,174,574</u>	<u>\$ 2,828,103</u>	<u>\$ 4,766,796</u>	<u>\$ 235,881</u>

GRUNDY AND KENDALL REGIONAL OFFICE OF EDUCATION NO. 24

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2018

	<b>Regional Office of Education No. 24</b>	<b>Kendall County Special Ed.</b>	<b>Total</b>
General State Aid	\$ 1,050,398	\$ 859,072	\$ 1,909,470
ROE/ISC Operations	159,107	-	159,107
Truants Alternative	133,681	-	133,681
Regional Safe School	133,382	-	133,382
Medicaid Matching Fund	-	211,343	211,343
Teacher Quality - Leadership	3,298	-	3,298
Bus	1,717	-	1,717
	<u>\$ 1,481,583</u>	<u>\$ 1,070,415</u>	<u>\$ 2,551,998</u>