

State of Illinois
SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

FINANCIAL AUDIT
For the Year Ended June 30, 2018

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

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SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

AGENCY OFFICIALS

For the Year Ended June 30, 2018

Regional Superintendent
(Current and during the audit period)

Mr. Jeff Vose

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Shannon Fehrholz

Office is located at:

2201 S. Dirksen Parkway
Springfield, IL 62703

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2018

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

AUDITOR'S REPORT

The auditor's reports on compliance and internal controls do not contain scope limitations, disclaimers or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	2	3
Repeated audit findings	1	3
Prior recommendations implemented or not repeated	2	3

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

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2018-001	10a	Delay of Audit	Noncompliance
2018-002	10c	Internal Controls over Cash and General Journal Entries	Significant Deficiency
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2017-001	12	Controls Over Financial Statement Preparation	Significant Deficiency/ Noncompliance
2017-003	12	Inadequate Internal Controls over Compliance Requirements	Significant Deficiency/ Noncompliance

EXIT CONFERENCE

An exit conference was held on October 20, 2020 via teleconference to discuss the findings and recommendations appearing in this report. In attendance from the Regional Office were Jeff Vose, Regional Superintendent, Shannon Fehrholz, Assistant regional Superintendent, and Angie Brentlinger, Fiscal Manager. In attendance from Doehring, Winders & Co. LLP were Robert Arnholt, Partner, and Matthew Clarkson, Manager. Responses and corrective action plans were provided by Angie Brentlinger in an email correspondence dated October 22, 2020.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2018

The audit of the accompanying basic financial statements of the Sangamon-Menard Counties Regional Office of Education #51 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Sangamon-Menard Regional Office of Education #51's basic financial statements.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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 Sangamon-Menard Counties Regional Office of Education #51 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sangamon-Menard Counties Regional Office of Education #51'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon-Menard Counties Regional Office of Education #51, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 15 to the financial statements, in the year ended June 30, 2018, the Sangamon-Menard Counties Regional Office of Education #51 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which caused a material change in comparability to prior year financial statements. 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 Schedule of Employer Contributions - Illinois Municipal Retirement Fund, Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios - Illinois Municipal Retirement Fund, Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability - Teacher's Health Insurance Security Fund, Schedule of Employer Contributions - Teacher's Health Insurance Security Fund, and Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 63 through 67 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 Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sangamon-Menard Counties Regional Office of Education #51's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020, on our consideration of the Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
October 27, 2020

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sangamon-Menard Counties Regional Office of Education #51, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sangamon-Menard Counties Regional Office of Education #51's basic financial statements, and have issued our report thereon dated October 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51's internal control. Accordingly, we do not express an opinion on the effectiveness of Sangamon-Menard Counties Regional Office of Education #51's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2018-002 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sangamon-Menard Counties Regional Office of Education #51's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-001.

Sangamon-Menard Counties Regional Office of Education #51's Responses to Findings

Sangamon-Menard Counties Regional Office of Education #51's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
October 27, 2020

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements in accordance with GAAP

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? Yes
- Noncompliance material to financial statements noted? No

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2018

Section II - Financial Statement Findings

2018-001 Delay of Audit (Repeat of Finding 17-002 and 16-002)

Criteria/specific requirement:

Regional Office of Education #51 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office did not have their fiscal year 2018 financial records in auditable form and did not make their financial report available to the auditors until March 2020.

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:

Regional Office management indicated the delays in completing financial records and reports for fiscal year 2018 were a result of issues from previous years which caused significant delays but have now been corrected.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018

Section II - Financial Statement Findings (continued)

2018-001 Delay of Audit (Repeat of Finding 17-002 and 16-002) (continued)

Recommendation:

The Regional Office of Education #51 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The Regional Office of Education #51 has implemented procedures to achieve compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements are now prepared on an accrual basis of accounting in accordance with GAAP. Financial Statements were presented to independent auditors based on a timeline provided with as little of delay as possible by the Regional Office of Education #51.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018

Section II - Financial Statement Findings (continued)

2018-002 Internal Controls over Cash and General Journal Entries

Criteria/specific requirement:

The Regional Office of Education #51 is responsible for establishing and maintaining a system of internal controls over the accounting system to prevent errors and fraud.

Condition:

The Regional Office did not maintain effective internal control over their bank reconciliations and general journal entries. During our testing, we noted none of the monthly bank reconciliations and 4 of 10 (40%) general journal entries tested were not subject to review by management.

Effect:

Although no issues were noted with the results of the bank reconciliations or journal entries during our audit testing, the Regional Office of Education #51's management, or its employees, in the normal course of performing their assigned functions, may not prevent or detect a misstatement, whether due to error or fraud, in a timely manner.

Cause:

Regional Office management indicated the lack of reviews of bank reconciliations and general journal entries were due to oversight.

Recommendation:

We recommend the Regional Office's management perform timely reviews of all bank reconciliations and general journal entries. Also, the reviewer and date of review should be documented.

Management's Response:

The Regional Office of Education #51 accepts the auditor's recommendations and will immediately implement procedures to ensure a timely review of all bank reconciliations and general journal entries, with sufficient documentation.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2018

Corrective Action Plan

2018-001 Delay of Audit (Repeat of Finding 17-002 and 16-002)

Condition:

The Regional Office did not have their fiscal year 2018 financial records in auditable form and did not make their financial report available to the auditors until March 2020.

Plan:

The Regional Office of Education #51 will continue to work with an external accounting firm in order to get caught up on our financial statements to comply with the August 31 deadline.

Anticipated Date of Completion:

August 31, 2020

Contact Person:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2018

Corrective Action Plan

2018-002 Internal Controls over Cash and General Journal Entries

Condition:

The Regional Office did not maintain effective internal control over their bank reconciliations and general journal entries. During our testing, we noted none of the monthly bank reconciliations and 4 of 10 (40%) general journal entries tested were not subject to review by management.

Plan:

The Regional Office will maintain an effective internal control over their bank reconciliations and general journal entries. They will be subject to review by management.

Anticipated Date of Completion:

Immediately

Contact Person:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2018

2017-001	Controls Over Financial Statement Preparation	Corrected
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During the current audit, audit testing indicated the draft financial statements prepared by the Regional Office were free from misstatements or omissions.

2017-003	Inadequate Internal Controls Over Compliance Requirements	Corrected
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During the current audit, audit testing results did not disclose any instances of noncompliance with direct and material compliance requirements.

BASIC FINANCIAL STATEMENTS

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 641,830	\$ 73,112	\$ 714,942
Investments	331,887	-	331,887
Accounts receivable	214,520	861	215,381
Due (to) from other funds	90	(90)	-
Due from other governments	709,804	3,266	713,070
Prepaid expenses	9,191	-	9,191
Total current assets	<u>1,907,322</u>	<u>77,149</u>	<u>1,984,471</u>
Noncurrent assets:			
Capital assets, net of depreciation	4,184	-	4,184
Net pension asset	49,068	-	49,068
Total noncurrent assets	<u>53,252</u>	<u>-</u>	<u>53,252</u>
Total assets	<u>1,960,574</u>	<u>77,149</u>	<u>2,037,723</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	6,190,290	-	6,190,290
Deferred outflows related to OPEB	75,899	-	75,899
Total deferred outflows of resources	<u>6,266,189</u>	<u>-</u>	<u>6,266,189</u>
Liabilities:			
Current liabilities:			
Accounts payable	24,062	351	24,413
Accrued payroll liabilities	90,612	-	90,612
Due to other governments	106,490	3,075	109,565
Unearned revenue	551	1,400	1,951
Total current liabilities	<u>221,715</u>	<u>4,826</u>	<u>226,541</u>
Noncurrent liabilities:			
Liability for compensated absences	1,383	-	1,383
Net pension liability	7,613,260	-	7,613,260
Net OPEB liability	1,904,778	-	1,904,778
Total noncurrent liabilities	<u>9,519,421</u>	<u>-</u>	<u>9,519,421</u>
Total liabilities	<u>9,741,136</u>	<u>4,826</u>	<u>9,745,962</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	4,012,192	-	4,012,192
Deferred inflows related to OPEB	219,467	-	219,467
Total deferred inflows of resources	<u>4,231,659</u>	<u>-</u>	<u>4,231,659</u>
Net position:			
Invested in capital assets	4,184	-	4,184
Restricted - other	397,209	-	397,209
Unrestricted	(6,147,425)	72,323	(6,075,102)
Total net position	<u>\$ (5,746,032)</u>	<u>\$ 72,323</u>	<u>\$ (5,673,709)</u>

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Salaries and benefits	\$ 2,948,694	\$ 69,702	\$ 2,360,133	\$ -	\$ (518,859)	\$ -	\$ (518,859)
Pension expense	1,897,101	1,181	131,118	-	(1,764,802)	-	(1,764,802)
OPEB expense	158,147	-	16,390	-	(141,757)	-	(141,757)
Purchased services	580,199	29,535	393,355	-	(157,309)	-	(157,309)
Supplies and materials	81,734	1,181	65,559	-	(14,994)	-	(14,994)
Other objects	41,763	-	16,390	-	(25,373)	-	(25,373)
Depreciation	4,301	-	-	-	(4,301)	-	(4,301)
Capital outlay	-	-	-	-	-	-	-
Intergovernmental:							
Payments to other governments	315,157	16,539	295,017	-	(3,601)	-	(3,601)
Administrative:							
On-behalf payments - local	320,635	-	-	-	(320,635)	-	(320,635)
On-behalf payments - state	1,656,404	-	-	-	(1,656,404)	-	(1,656,404)
Total governmental activities	<u>8,004,135</u>	<u>118,138</u>	<u>3,277,962</u>	<u>-</u>	<u>(4,608,035)</u>	<u>-</u>	<u>(4,608,035)</u>
Business-type activities:							
Charges for services	<u>72,387</u>	<u>63,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,834)</u>	<u>(8,834)</u>
Total business-type activities	<u>72,387</u>	<u>63,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,834)</u>	<u>(8,834)</u>
Total primary government	<u>\$ 8,076,522</u>	<u>\$ 181,691</u>	<u>\$ 3,277,962</u>	<u>\$ -</u>	<u>(4,608,035)</u>	<u>(8,834)</u>	<u>(4,616,869)</u>
General revenues:							
Local sources					474,746	-	474,746
State sources					490,960	-	490,960
On-behalf payments - local					320,635	-	320,635
On-behalf payments - state					1,656,404	-	1,656,404
Investment earnings					27,483	-	27,483
Net decrease in the fair value of investments					(16,749)	-	(16,749)
Total general revenues					<u>2,953,479</u>	<u>-</u>	<u>2,953,479</u>
Change in net position					(1,654,556)	(8,834)	(1,663,390)
Net position - beginning, as restated, see Note 15					<u>(4,091,476)</u>	<u>81,157</u>	<u>(4,010,319)</u>
Net position - ending					<u>\$ (5,746,032)</u>	<u>\$ 72,323</u>	<u>\$ (5,673,709)</u>

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Education Fund	Institute	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 268,024	\$ 20,430	\$ 336,366	\$ 17,010	\$ -	\$ 641,830
Investments	331,887	-	-	-	-	331,887
Accounts receivable	23,396	189,869	-	1,255	-	214,520
Due from other funds	820,437	-	-	-	(820,347)	90
Due from other governments	86,260	623,324	-	220	-	709,804
Prepaid expenses	9,191	-	-	-	-	9,191
Total assets	<u>1,539,195</u>	<u>833,623</u>	<u>336,366</u>	<u>18,485</u>	<u>(820,347)</u>	<u>1,907,322</u>
Deferred outflows of resources:						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,539,195</u>	<u>\$ 833,623</u>	<u>\$ 336,366</u>	<u>\$ 18,485</u>	<u>\$ (820,347)</u>	<u>\$ 1,907,322</u>
Liabilities:						
Accounts payable	\$ 5,471	\$ 17,984	\$ -	\$ 607	\$ -	\$ 24,062
Accrued payroll and employee benefits	43,781	46,831	-	-	-	90,612
Due to other funds	150,918	647,064	-	22,365	(820,347)	-
Due to other governments	1,559	104,833	70	28	-	106,490
Unearned revenue	-	551	-	-	-	551
Total liabilities	<u>201,729</u>	<u>817,263</u>	<u>70</u>	<u>23,000</u>	<u>(820,347)</u>	<u>221,715</u>
Deferred inflows of resources:						
Unavailable revenue	<u>70,011</u>	<u>355,292</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>425,313</u>
Fund balance (deficit):						
Nonspendable	9,191	-	-	-	-	9,191
Restricted	-	16,260	336,296	17,102	-	369,658
Assigned	284,931	-	-	-	-	284,931
Unassigned	973,333	(355,192)	-	(21,627)	-	596,514
Total fund balance (deficit)	<u>1,267,455</u>	<u>(338,932)</u>	<u>336,296</u>	<u>(4,525)</u>	<u>-</u>	<u>1,260,294</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 1,539,195</u>	<u>\$ 833,623</u>	<u>\$ 336,366</u>	<u>\$ 18,485</u>	<u>\$ (820,347)</u>	<u>\$ 1,907,322</u>

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2018

Total fund balances - governmental funds \$ 1,260,294

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

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 inflows in the governmental funds. 425,313

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 4,184

Non-current assets related to pension benefits are collected but are not payable in the current period and, therefore, are not reported in the governmental funds. 49,068
Net pension asset

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:

IMRF deferred outflows of resources	\$ 27,101	
IMRF deferred inflows of resources	(327,289)	
TRS deferred outflows of resources	6,163,189	
TRS deferred inflows of resources	(3,684,903)	
THIS deferred outflows of resources	75,899	
THIS deferred inflows of resources	<u>(219,467)</u>	2,034,530

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Liability for compensated absences	(1,383)	
TRS net pension liability	(7,613,260)	
THIS OPEB liability	(1,834,390)	
Other OPEB liability	<u>(70,388)</u>	<u>(9,519,421)</u>

Net position of governmental activities \$ (5,746,032)

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General Fund	Education Fund	Institute	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Revenues:						
Local sources	\$ 436,891	\$ -	\$ 96,228	\$ 19,428	\$ -	\$ 552,547
State sources	489,250	2,723,860	-	1,710	-	3,214,820
Federal sources	-	444,589	-	-	-	444,589
On-behalf payments - local	320,635	-	-	-	-	320,635
On-behalf payments - state	277,889	-	-	-	-	277,889
Interest income	26,711	-	772	-	-	27,483
Net decrease in fair value of investments	(16,749)	-	-	-	-	(16,749)
Total revenues	<u>1,534,627</u>	<u>3,168,449</u>	<u>97,000</u>	<u>21,138</u>	<u>-</u>	<u>4,821,214</u>
Expenditures:						
Instructional services:						
Salaries and benefits	510,089	2,381,691	38,534	19,998	-	2,950,312
Pension expense	12,162	136,560	1,324	-	-	150,046
OPEB expense	3,486	12,256	-	-	-	15,742
Purchased services	170,188	385,739	20,047	4,225	-	580,199
Supplies and materials	17,790	62,265	1,119	560	-	81,734
Other objects	22,174	19,589	-	-	-	41,763
Intergovernmental:						
Payments to other governments	-	301,456	13,701	-	-	315,157
Administrative:						
On-behalf payments - local	320,635	-	-	-	-	320,635
On-behalf payments - state	277,889	-	-	-	-	277,889
Total expenditures	<u>1,334,413</u>	<u>3,299,556</u>	<u>74,725</u>	<u>24,783</u>	<u>-</u>	<u>4,733,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,214</u>	<u>(131,107)</u>	<u>22,275</u>	<u>(3,645)</u>	<u>-</u>	<u>87,737</u>
Other financing sources (uses):						
Transfers in	4,905	19,256	-	-	(24,161)	-
Transfers out	(24,161)	-	-	-	24,161	-
Total other financing sources (uses)	<u>(19,256)</u>	<u>19,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	180,958	(111,851)	22,275	(3,645)	-	87,737
Fund balances (deficit) - beginning	1,086,497	(227,081)	314,021	(880)	-	1,172,557
Fund balances (deficit) - ending	<u>\$ 1,267,455</u>	<u>\$ (338,932)</u>	<u>\$ 336,296</u>	<u>\$ (4,525)</u>	<u>\$ -</u>	<u>\$ 1,260,294</u>

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

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 \$ 87,737

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

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

Prior year unavailable revenue		
Local Sources	\$ (29,684)	
State Sources	(165,832)	
Federal Sources	(79,947)	
Current year unavailable revenue		
Local Sources	70,021	
State Sources	245,072	
Federal Sources	<u>110,220</u>	149,850

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	(4,301)
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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.

Increase in liability for compensated absences	(20)	
Net pension expense	(1,747,055)	
Net OPEB expense	(142,405)	
Net OPEB expense - implicit rate subsidy	<u>1,638</u>	<u>(1,887,842)</u>

Change in net position of governmental activities	<u><u>\$ (1,654,556)</u></u>
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The notes to the financial statements are an integral part of this document.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	Business-type Activities Enterprise Funds
	Nonmajor Enterprise Funds
Assets:	
Currents assets:	
Cash and cash equivalents	\$ 73,112
Accounts receivable	861
Due from other governments	3,266
Total current assets	77,239
Noncurrent assets	
Capital assets, net of depreciation	-
Total assets	77,239
Deferred outflows of resources:	
None	-
Liabilities:	
Current liabilities:	
Accounts payable	351
Due to other funds	90
Due to other governments	3,075
Unearned revenue	1,400
Total current liabilities	4,916
Deferred inflows of resources:	
None	-
Net position:	
Unrestricted	72,323
Total net position	\$ 72,323

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities Proprietary Funds
	Nonmajor Enterprise Funds
Operating revenues:	
Charges for services	\$ 63,553
Total operating revenues	63,553
Operating expenses:	
Salaries and benefits	31,576
Purchased services	39,204
Supplies and materials	939
Payments to other governments	668
Total operating expenses	72,387
Change in net position	(8,834)
Net position - beginning	81,157
Net position - ending	\$ 72,323

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities Proprietary Funds
	Nonmajor Enterprise Funds
Cash flows from operating activities:	
Receipts from customers	\$ 63,997
Payments to suppliers and providers of goods and services	(40,236)
Payments to employees	(31,576)
Net cash used for operating activities	(7,815)
Cash flows from noncapital financing activities:	
Decrease in interfund borrowing, net	842
Net cash provided by noncapital financing activities	842
Net decrease in cash and cash equivalents	(6,973)
Cash and cash equivalents - beginning	80,085
Cash and cash equivalents - ending	\$ 73,112
Reconciliation of operating income to net cash used for operating activities:	
Operating loss	\$ (8,834)
Adjustments to reconcile operating income to net cash used for operating activities:	
(Increase) Decrease in accounts receivable	(511)
(Increase) Decrease in due from other governments	805
Increase (Decrease) in accounts payable	282
Increase (Decrease) in due to other governments	293
Increase (Decrease) in unearned revenue	150
Net cash used for operating activities	\$ (7,815)

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 190,578
Due from other governments	1,150
Total assets	<u>\$ 191,728</u>
Liabilities:	
Due to other governments	<u>\$ 191,728</u>
Total liabilities	<u>\$ 191,728</u>

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sangamon-Menard Counties Regional Office of Education #51 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #51 is presented to assist in understanding the Regional Office of Education #51's financial statements. The financial statements and notes are representations of the Regional Office of Education #51's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office of Education #51 operates under the School Code (Articles 5/3 and 5/3A of Illinois Compiled Statutes, Chapter 105). The Regional Office of Education #51 encompasses Sangamon and Menard Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #51 and is elected pursuant to Article 3, Illinois Compiled Statutes, Chapter 105.

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #51's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and carrying out other related duties required or permitted by law.

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

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2018, the Regional Office of Education #51 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #51. Such activities are reported as a single special revenue fund (Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #51's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #51 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #51, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #51 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #51 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #51 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #51 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2018, the Regional Office of Education #51 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 Regional Office of Education #51 implemented these standards during the current year. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing OPEB 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 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance. The implementation of GASB Statement No. 85 addresses practice issues identified during the implementation and application of certain GASB statements such as issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits. The implementation of GASB Statement No. 86 establishes uniform guidance for recognizing debt that is defeased in-substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing debt were acquired.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #51's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #51 has two business-type activities that rely on fees and charges for support.

The Regional Office of Education #51's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #51 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #51's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

PROPRIETARY FUND FINANCIAL STATEMENTS

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND FINANCIAL STATEMENTS (Continued)

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #51; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #51 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #51's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education #51's policy to first apply restricted funds, then unrestricted. For unrestricted fund balances, committed funds are used first, then assigned funds, then unassigned if any.

FUND ACCOUNTING

The Regional Office of Education #51 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #51 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #51 has presented all major funds that met the above qualifications.

The Regional Office of Education #51 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #51. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General Funds include the following:

Local – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education (ISBE), the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Staff Development Center (SDC) not funded through State or county dollars.

Administrative Discretionary – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Regional Office not funded through State or county dollars.

General State Aid – Truants Alternative Optional Education Program – This fund accounts for General State Aid used for the general operations of the Truants Alternative Optional Education Program.

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

WestEd – This fund accounts for activity per an educational services agreement between the Regional Office of Education #51 and WestEd. Within this agreement, the Regional Office of Education #51 provides support to teachers and local coaches in the implementation of KIDStech.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Major special revenue funds include the following:

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

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Area III – Homeless Liaison Project – This grant provides funds for providing information to schools, community members, and government entities about the educational rights of homeless students.

Sangamon County Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of the student in the pursuit of their educational development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.

State and Federal School Breakfast and Lunch – This program is designed to provide breakfast and lunch free or at reduced prices to eligible students, as determined in accordance with federal and State guidelines, as a healthy start to the school day to enhance the student's learning abilities. All meals provided must meet U.S. Department of Agriculture requirements for servings and nutrition.

Kindergarten Individual Development Survey (KIDS) - This program provides staff support to help achieve the goal of supporting lead districts that build the systems and processes needed to accelerate and sustain improved student outcomes and build capacity to extend these initiatives Statewide.

Title I – School Improvement and Accountability – This program provides professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students have not made adequate yearly progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

Title II – Teacher Quality – Leadership – This program accounts for grant monies received for and in payment of expenditures to provide online training that is required by the Illinois Performance Evaluation Reform Act to train education administrators to evaluate other administrators and teachers. The program is designed to increase the number of highly qualified administrators and teachers, leading to increased student academic achievement.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Principal Preparation and Evaluation – This program is designed to assist with principal programs and the approval process of such, provide assistance and support services to Division personnel including technical support and training, and work with other ISBE personnel on educator preparation matters.

Reading Initiative – This fund provides for consultant support for initiatives necessitated by the American Recovery and Reinvestment Act of 2009 (ARRA) and the No Child Left Behind Act. The consultants read and evaluate the quality of NCLB and ARRA applications for approval or create review checklist(s) for needed initial application and amendments; provide technical assistance to Illinois schools through written and verbal communication relating to NCLB and ARRA applications; enforce Title I and State accountability requirements and review federal and State fiscal and programmatic documentation to determine implications for schools and districts.

ROE/ISC Operations – These funds are provided by the ISBE through a budget application process to Regional Offices to provide staff development to district schools and teachers. The Staff Development Center offers Administrator Academy activities, School Improvement initiatives, and staff development opportunities in the areas of reading, math, science, and technology. Monies are used for overhead costs and salaries of employees at the Staff Development Center.

American Institute of Research (AIR) – This funding is received from a subcontract with AIR, to provide school improvement services via the Center for School improvement in connection with the Title I program.

Pilot Regional Safe School Cooperative Education Program – This program is used to account for grant monies received for, and payment of expenditures related to providing suspended or expelled youth at the Regional Safe School with alternative cooperative education including classroom work and experience in the private sector.

ISBE Field Monitor – This program is used to account for a contract to provide area field managers to support the Illinois State Board of Education's Statewide System of support called "IL-EMPOWER."

AdvancED – This program is used to account for participation in the AdvancED Accreditation following the AdvancED Standards and Policies for the initial accreditation for a Regional Office Of Education. The Regional Office Of Education #51 shall receive accreditation by 2020.

Institute Fund – The Teacher Institute Fund accounts for teacher license fees. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of licenses as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

The Regional Office of Education #51 reports the following nonmajor special revenue funds:

General Education Development (GED) Certificate – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given at Lanphier High School once a month. Testing fees provide for testing materials and staff salaries.

Bus Driver Training – Experienced drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the ISBE and administered by the Regional Office.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #51 on a cost reimbursement basis are reported. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges.

Staff Development Center Workshop Fund – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators in Menard and Sangamon Counties.

Background Checks – The Regional Office of Education provides background checks/ fingerprinting to all schools in Menard and Sangamon Counties for new hires. The schools send requests to the Regional Office of Education, who forwards background check information to the Illinois State Police database. The fee for the background check and/or fingerprinting is paid by each school district.

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education #51 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Illinois Education and Technology Conference – The Regional Office acts as the fiscal agent for this annual conference, which provides an opportunity to discover how educators can be an active part of the information revolution. Funding is derived from registration fees, vendor fees, and sponsorship fees.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Continued)

Sangamon County Schoolmasters – The Schoolmasters is an organization of all Sangamon County superintendents and school directors. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Sangamon County Learning Academy – This is a self-supporting account that provides services for students at the Sangamon County Learning Academy. Funds are derived from lunch money and registration fees.

Those Who Excel – The ROE acts as the fiscal agent for the annual Teacher of the Year banquet hosted by the Illinois State Board of Education.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources in a Governmental Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Regional Office of Education #51 considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Regional Office of Education #51 considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Regional Superintendent has provided otherwise in its commitment or assignment actions.

The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – the portion of a Governmental Fund’s fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. Administrative Discretionary, General State Aid – Truants Alternative Optional Education Program, and General State Aid – Regional Safe Schools have nonspendable fund balances.

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions. The following accounts’ fund balances are restricted by grant agreements or contracts: State and Federal School Breakfast and Lunch and Principal Preparation and Evaluation. The following fund balances are restricted by Illinois Statute: Institute and Bus Driver Training.

Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #51 has no committed fund balances.

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The General State Aid – Truants Alternative Optional Education Program account has an assigned fund balance.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Local, Administrative Discretionary, and General State Aid – Regional Safe Schools. The Regional Safe Schools, Area III – Homeless Liaison Project, Sangamon County Truants Alternative Optional Education Program, Kindergarten Individual Development Survey (KIDS), Title I - School Improvement and Accountability, and ISBE Field Monitor accounts reported in the Education Fund account have unassigned fund balances. The General Education Development Certificate fund reported with the nonmajor special revenue funds has an unassigned fund balance.

NET POSITION

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

Invested 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.

CASH AND CASH EQUIVALENTS

The Sangamon County Regional Office of Education #51's cash and cash equivalents are considered to be demand deposits and short-term investments (investments with a maturity date of three months or less). All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balance.

INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

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

Office Equipment and Furniture	5-10 years
Computer Equipment	3-10 years
Other Equipment	5-20 years

COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. 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. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. For the year ended June 30, 2018, the liability for unused vacation days was \$1,383, which represents an increase of \$20 from the balance reported at June 30, 2017, and is shown on the Statement of Net Position.

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.

BUDGET DATA

The Regional Office of Education #51 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to be. Comparisons of budgeted and actual results are presented as supplementary information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Area III – Homeless Liaison Project, Sangamon County Truants Alternative Optional Education Program, Title I – School Improvement and Accountability, Title II – Teacher Quality – Leadership, ROE/ISC Operations, and Pilot Regional Safe School Cooperative Education Program.

DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, PENSIONS, AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Deferred outflow 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.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, PENSIONS, AND POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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 consist of grant receivables not collected within sixty days after year end.

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

Pensions – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement System (IMRF) and Teachers' Retirement System of the State of Illinois (TRS) and additions to/deductions from IMRF's and TRS' fiduciary net position have been determined on the same basis as they are reported by IMRF and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education #51's single-employer defined benefit OPEB plan has been actuarially determined using the Alternative Measurement Method.

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.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

2 CASH

The Regional Office of Education #51 does not have a formal investment policy. The Regional Office of Education #51 is allowed to invest in securities as authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7.

DEPOSITS

At June 30, 2018, the carrying amount of the Regional Office of Education #51's government-wide and Agency fund deposits were \$714,942 and \$190,578, respectively, and the bank balances were \$780,727 and \$190,578, respectively. Of the total bank balances as of June 30, 2018, \$251,000 was insured by Federal Depository Insurance Corporation, \$71,930 was invested in the Illinois Funds Money Market Fund, and \$648,375 was secured by a letter of credit.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #51's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #51's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #51.

INVESTMENTS

The Regional Office of Education #51 is allowed to invest solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As noted above, the Regional Office of Education #51 had \$71,930 invested in the Illinois Funds Money Market Fund at June 30, 2018. This amount is included in the cash and cash equivalents reported in the financial statements. The Regional Office of Education #51 also had investments with a carrying value of \$331,887 invested in money market funds, U.S. agency obligations, and municipal bonds with a local financial institution. This amount is reported as investments in the financial statements.

The Regional Office of Education #51 categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation methods used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical assets in active markets that the Regional Office can access. Level 2 inputs are observable prices, either directly or indirectly, for an asset. Level 3 inputs are unobservable inputs for an asset.

During fiscal year 2018, there were no changes in valuation techniques that would have a significant impact on the results. For each of the following investments, level 2 inputs were used to determine fair value.

As of June 30, 2018, the Regional Office of Education #51 had the following investments with the following maturities.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

2 CASH (Continued)

INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Year of Maturity</u>
U.S. Agency Obligations	\$ 41,093	2038
Municipal Bond Obligations	15,235	2019
Municipal Bond Obligations	51,208	2020
Municipal Bond Obligations	20,200	2020
Municipal Bond Obligations	5,231	2023
Municipal Bond Obligations	20,590	2023
Municipal Bond Obligations	30,758	2023
Municipal Bond Obligations	25,688	2023
Municipal Bond Obligations	38,622	2024
Municipal Bond Obligations	55,792	2025
	<u>304,417</u>	
Money Market Funds	<u>27,470</u>	
Total Investments	<u>\$ 331,887</u>	

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 provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

The following table presents the quality ratings of debt securities held by the Regional Office of Education #51 as of June 30, 2018.

<u>Investment Type</u>	<u>Standard & Poors Rating</u>	<u>Fair Value</u>
Municipal Bond Obligations	AA	\$ 263,324
U.S. Agency Obligations	Not Rated	<u>41,093</u>
Total Debt Securities		<u>\$ 304,417</u>

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.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

2 CASH (Continued)

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 Funds 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.

The Regional Office of Education #51 does not have a policy limiting investment maturities as a means of managing interest rate risk for its investments with a local financial institution.

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Regional Office of Education #51'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 #51'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 note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

BENEFITS PROVIDED (Continued)

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

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

EMPLOYEES COVERED BY BENEFIT TERMS

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	30
Inactive Plan Members entitled to but not yet receiving benefits	33
Active Plan Members	<u>6</u>
Total	<u><u>69</u></u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education #51's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #51's annual contribution rate for calendar year 2017 was 14.51%. For the calendar year ended December 31, 2017, the Regional Office of Education #51 contributed \$27,996 to the plan. The Regional Office of Education #51 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.

NET PENSION LIABILITY (ASSET)

The Regional Office of Education #51's net pension liability (asset) was measured as of December 31, 2017. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS

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

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

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SINGLE DISCOUNT RATE

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

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

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

CHANGES IN THE NET PENSION LIABILITY (ASSET)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 1,975,729	\$ 1,802,347	\$ 173,382
Changes for the year:			
Service Cost	24,577	-	24,577
Interest on the Total Pension Liability	145,892	-	145,892
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(21,766)	-	(21,766)
Changes of Assumptions	(43,599)	-	(43,599)
Contributions - Employer	-	27,996	(27,996)
Contributions - Employees	-	8,682	(8,682)
Net Investment Income	-	292,452	(292,452)
Benefit Payments, including Refunds of Employee Contributions	(83,102)	(83,102)	-
Other (Net Transfer)	-	(1,576)	1,576
Net Changes	22,002	244,452	(222,450)
Balances at December 31, 2017	\$ 1,997,731	\$ 2,046,799	\$ (49,068)

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability (Asset)	\$ 141,641	\$ (49,068)	\$ (207,372)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2018, the Regional Office of Education #51 recognized pension benefit of \$59,998. At June 30, 2018, the Regional Office of Education #51 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ 6,709	\$ 121,576
Changes of assumptions	7,355	8,440
Net difference between projected and actual earnings on pension plan investments	-	197,273
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	14,064	327,289
<i>Pension contributions made subsequent to the measurement date</i>	13,037	-
Total Deferred Amounts Related to Pensions	<u>\$ 27,101</u>	<u>\$ 327,289</u>

\$13,037 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2019.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Inflows of Resources
2018	\$ (65,336)
2019	(68,063)
2020	(147,808)
2021	(32,018)
Thereafter	-
Total	<u>\$ (313,225)</u>

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #51 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

BENEFITS PROVIDED

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

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

BENEFITS PROVIDED (Continued)

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 the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #51.

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #51. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #51 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education #51, and the Regional Office of Education #51 recognized revenue and expenditures of \$1,207,575 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 ending June 30, 2018 were \$10,375 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 #51, there is a statutory requirement for the Regional Office of Education #51 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.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS (Continued)

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$1,125,237 were paid from federal and special trust funds that required employer contributions of \$113,649. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

EMPLOYER RETIREMENT COST CONTRIBUTIONS

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #51 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education #51 paid no employer contributions under the ERO program for retirements that occurred before July 1, 2016.

The Regional Office of Education #51 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education #51 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, the Regional Office of Education #51 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employers proportionate share of the net pension liability	\$ 7,613,260
State's proportionate share of the net pension liability associated with the employer	12,270,209
	<u>\$ 19,883,469</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The Regional Office of Education #51's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education #51's proportion was 0.0099652412 percent, which was a decrease of 0.0002052819 percent from its proportion measured as of June 30, 2016.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 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)

For the year ended June 30, 2018, the Regional Office of Education #51 recognized pension expense of \$1,207,575 and revenue of \$1,207,575 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #51 recognized pension expense of \$1,957,099. At June 30, 2018, the Regional Office of Education #51 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,688	\$ 3,514
Net difference between projected and actual earnings on pension plan investments	5,222	-
Changes of assumptions	508,130	218,770
Changes in proportion and difference between employer contributions and proportionate share of contributions	5,443,125	3,462,619
Employer contributions subsequent to the measurement date	124,024	-
	\$ 6,163,189	\$ 3,684,903

\$124,024 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 of Resources
2019	\$ 1,336,599
2020	695,371
2021	364,385
2022	(32,126)
2023	(9,967)
	\$ 2,354,262

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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:

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

DISCOUNT RATE

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

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

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

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #51'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #51'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 #51'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	\$ 9,353,883	\$ 7,613,260	\$ 6,187,543

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*.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND

The Regional Office of Education #51 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 #51. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #51 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education #51, and the Regional Office of Education #51 recognized revenue and expenditures of \$170,940 in OPEB contributions from the State of Illinois.

EMPLOYER CONTRIBUTIONS TO THE THIS FUND

The Regional Office of Education #51 also makes contributions to 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 #51 paid \$15,742 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 #51 paid \$13,660 and \$12,691 to the THIS Fund, respectively.

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."

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 projected to the measurement date of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.75 percent
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-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

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

SINGLE DISCOUNT RATE

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

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

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #51'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #51'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:

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #51'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE (Continued)

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 2,201,240	\$ 1,834,390	\$ 1,540,825

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #51'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 #51's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease ^a	Current Healthcare Cost Trend Rate	1% Increase ^b
Employer's proportionate share of the collective net OPEB liability	\$ 1,480,529	\$ 1,834,390	\$ 2,342,262

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

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

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 #51 reported a liability for its proportionate share of the collective net OPEB liability (first amount shown below) that reflected a reduction for State OPEB 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 collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the employer follows below:

Employers proportionate share of the collective net OPEB liability	\$ 1,834,390
State's proportionate share of the collective net OPEB liability associated with the employer	2,408,984
	\$ 4,243,374

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 measurement date. The Regional Office of Education #51's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #51's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #51, actuarially determined. At June 30, 2017, the Regional Office of Education #51's proportion was 0.007069 percent, which was an increase of 0.000258 from its proportion measured as of June 30, 2016 (0.006811 percent). The State's support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Regional Office of Education #51 recognized OPEB expense of \$170,940 and revenue of \$170,940 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education #51 recognized OPEB expense of \$145,593. At June 30, 2018, the Regional Office of Education #51 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,039
Net difference between projected and actual earnings on OPEB plan investments	-	20
Changes of assumptions	-	218,408
Changes in proportion and difference between employer contributions and proportionate share of contributions	60,157	-
Employer contributions subsequent to the measurement date	15,742	-
	\$ 75,899	\$ 219,467

\$15,742 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education #51 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 #51's OPEB expense as follows:

Year Ended June 30	Net Deferred Inflows of Resources
2019	\$ (24,473)
2020	(24,473)
2021	(24,473)
2022	(24,473)
2023	(24,468)
Thereafter	(36,950)
	\$ (159,310)

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

THIS FIDUCIARY NET POSITION

Detailed information about the THIS' fiduciary net position as of June 30, 2017, is available in the separately issued THIS financial report.

6 OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE

PLAN DESCRIPTION

The Regional Office of Education #51 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF and TRS retirement plans. This plan extends the same health benefits to annuitants as to active employees in the IMRF and TRS plans. The GASB issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

ELIGIBILITY PROVISIONS

Full-Time Employees - IMRF

Tier I IMRF Full-Time employees:

- Age 55 with at least 8 years of service (Reduced Pension)
- Age 55 with at least 30 years of service (Reduced Pension)
- Age 55 with at least 35 years of service (Full Pension)
- Age 60 with at least 8 years of service (Full Pension)

Tier II IMRF Full-Time employees:

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

Full-Time Employees - TRS

Tier I TRS Full-Time employees:

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

Tier II TRS Full-Time employees:

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

BENEFITS PROVIDED

The Regional Office of Education #51 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education #51 offers the health insurance coverage to full-time IMRF and TRS employees. Retirees pay the full cost of coverage. Coverage continues until the retiree stops paying for it. Eligible spouse/dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. Eligible spouse/dependents pay the full cost of coverage.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

6 OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

MEMBERSHIP

At June 30, 2018 membership consisted of:

Retirees and Beneficiaries currently receiving benefits	-
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	87
Total	87

FUNDING POLICY AND CONTRIBUTIONS

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

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

The contributions of \$1,638 from other Regional Office of Education #51 resources and benefit payments of \$1,638 from other Regional Office of Education #51 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

TOTAL OPEB LIABILITY

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

ACTUARIAL ASSUMPTIONS

Discount Rate used for the Total OPEB Liability:	Beginning of the fiscal year was 3.58%, End of fiscal year was 3.87%.
Long-Term Expected Rate of Return on Plan Assets:	N/A. OPEB obligation is unfunded.
High Quality 20 Year Tax-Exempt G.O. Bond Rate:	Beginning of the fiscal year was 3.58%, End of fiscal year was 3.87%
Salary Increases:	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
Annual Blended Premiums:	Premiums charged for coverage of retiree and spouse are \$6,445 and \$7,092, respectively.
Healthcare Trend Rates:	Initial trend rate is based on known information with the second rate following the 2019 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 9.00% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retiree Contribution Rates:	Same as Healthcare Trend Rates.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

6 OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

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

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are 9 participants impacted by this assumption.

The mortality rates were used to estimate the single age at death per participant pursuant to the Alternative Measurement Method for GASB 74/75.

The probability of working to the assumed retirement age was determined based on the underlying termination rates pursuant to the Alternative Measurement Method for GASB 74/75.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at July 1, 2017	\$ 59,472
Changes for the period:	
Service cost	11,687
Interest	2,100
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(1,233)
Benefit payments	(1,638)
Net changes	10,916
Balance at June 30, 2018	\$ 70,388

DISCOUNT RATE

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Regional Office of Education #51, then only the municipal bond rate is used in determining the total OPEB liability.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

6 OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

DISCOUNT RATE (Continued)

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

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

MUNICIPAL BOND RATE

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of year rate shown is the June 29, 2017 rate and the end of the year rate is the June 28, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

SENSITIVITY OF THE DISCOUNT RATE

The following presents the Regional Office of Education #51's total OPEB liability calculated using a discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer's total OPEB liability	\$ 74,864	\$ 70,388	\$ 66,417

SENSITIVITY OF THE HEALTHCARE COST TREND RATES

The following presents the Regional Office of Education #51's total OPEB liability, calculated using the healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

6 OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

SENSITIVITY OF THE HEALTHCARE COST TREND RATES (Continued)

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Employer's total OPEB liability	\$ 64,811	\$ 70,388	\$ 76,716

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ending June 30, 2018, the Regional Office of Education #51 recognized OPEB expense of \$12,554. At June 30, 2018 the Regional Office of Education #51 had no deferred outflows of resources or deferred inflows of resources related to OPEB.

7 LONG-TERM LIABILITIES

	Balance July 1, 2017, as Restated	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Liability for compensated absences	\$ 1,363	\$ 20	\$ -	\$ 1,383
Net pension liability	8,201,591	-	(588,331)	7,613,260
Net OPEB liability	1,921,239	-	(16,461)	1,904,778
Total	\$ 10,124,193	\$ 20	\$ (604,792)	\$ 9,519,421

Of the liability amounts listed above for year ending June 30, 2018, there were no amounts due within one year.

8 OPERATING LEASES

The Regional Office of Education #51 leases classroom, office, and laboratory space. During fiscal year 2018, the Regional Office had three separate leases for 6,333 square feet, 2,805 square feet, and 1,900 square feet, all leased at \$8.00 per square foot. The Regional Office also leased office space with annual rents of \$13,778 and additional classroom space in Athens, Illinois with annual rents of \$6,000. Rent expense for the year ended June 30, 2018, was \$108,092. The Regional Office also leases a copier over a 60-month term ending March 2021 which requires monthly payments of \$134, a digital imaging system over a 60 month term ending November 2018 which requires monthly payments of \$179, a digital desktop mailing system leased over a 60-month term ending March 2020 which requires monthly payments of \$64, and a postage machine and maintenance contract which requires monthly payments of \$48 and \$20, respectively, with a term ending in January 2022. Total equipment lease expense for the year ended June 30, 2018, was \$5,344. Future minimum rentals are as follows for the years ending June 30:

2019	\$	3,913
2020		3,004
2021		2,025
2022		476
	\$	9,418

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

9 RISK MANAGEMENT

The Regional Office of Education #51 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #51 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

10 CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #51 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office of Education #51's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Capital Assets, Being Depreciated				
Computer equipment	\$ 98,003	\$ -	\$ -	\$ 98,003
Other equipment	42,142	-	-	42,142
Total	<u>140,145</u>	<u>-</u>	<u>-</u>	<u>140,145</u>
Less Accumulated Depreciation				
Computer equipment	(91,406)	(3,517)	-	(94,923)
Other equipment	(40,254)	(784)	-	(41,038)
Total	<u>(131,660)</u>	<u>(4,301)</u>	<u>-</u>	<u>(135,961)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 8,485</u>	<u>\$ (4,301)</u>	<u>\$ -</u>	<u>\$ 4,184</u>
Business-type Activities:				
Capital Assets, Being Depreciated				
Other equipment	\$ 11,912	\$ -	\$ -	\$ 11,912
Less Accumulated Depreciation				
Other equipment	<u>(11,912)</u>	<u>-</u>	<u>-</u>	<u>(11,912)</u>
Business-type Activities				
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2018 of \$4,301 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

11 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to / from other funds at June 30, 2018 consist of the following individual due to / from other funds in the governmental fund Balance Sheet. The interfund loan balances between governmental funds are eliminated in the government-wide Statement of Net Position. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

	Due To Other Funds	Due From Other Funds
General Fund	\$ 150,918	\$ 820,437
Education Fund	647,064	-
Nonmajor Special Revenue Funds	22,365	-
Proprietary Funds	90	-
Total	\$ 820,437	\$ 820,437

TRANSFERS

Interfund transfers in / out to other funds at June 30, 2018 consist of the following individual transfers in / out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds, if any, were not eliminated. The purpose of interfund transfers was to cover permanent shortfalls in cash flow within grant programs and funds and to close out inactive funds.

	Transfers In	Transfers Out
General Fund	\$ 4,905	\$ 24,161
Education Fund	19,256	-
Total	\$ 24,161	\$ 24,161

12 ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries and benefits on-behalf of the Regional Office of Education #51:

State of Illinois	
Regional Superintendent Salary	\$ 115,176
Regional Superintendent Fringe Benefit (Includes State paid insurance)	32,508
Assistant Regional Superintendent Salary	103,656
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	26,549
Total	\$ 277,889

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

12 ON-BEHALF PAYMENTS (Continued)

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

The Regional Office of Education #51 also recorded \$1,378,515 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 Teachers' Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education #51 has not included any on-behalf payments related to the State's TRS pension expense and THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	277,889
ROE#51's share of TRS pension expense		1,207,575
ROE#51's share of THIS OPEB expense		170,940
		1,656,404
	\$	1,656,404

Sangamon County provides the Regional Office with staff and pays certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #51's behalf for the year ended June 30, 2018, were as follows:

Salaries and benefits	\$	273,019
Purchased services		45,363
Supplies and materials		2,253
Total		320,635
	\$	320,635

13 DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #51's General Fund, Education Fund, Institute Fund, Nonmajor Special Revenue Funds, Nonmajor Proprietary Funds, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

<u>General Fund</u>		
Local Governments	\$	76,798
Illinois State Board of Education		9,462
 <u>Education Fund</u>		
Local Governments		7,469
Illinois State Board of Education		615,855

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

13 DUE TO/FROM OTHER GOVERNMENTS (Continued)

Due From Other Governments (Continued):

<u>Nonmajor Special Revenue Funds</u>	
Local Governments	220
 <u>Nonmajor Proprietary Funds</u>	
Local Governments	3,266
 <u>Agency Funds</u>	
Local Governments	1,150
Total	<u><u>\$ 714,220</u></u>

Due To Other Governments:

<u>General Fund</u>	
Local Governments	\$ 1,559
 <u>Education Fund</u>	
Local Governments	101,267
Illinois State Board of Education	3,566
 <u>Institute Fund</u>	
Local Governments	70
 <u>Nonmajor Special Revenue Funds</u>	
Local Governments	28
 <u>Nonmajor Proprietary Funds</u>	
Local Governments	3,075
 <u>Agency Funds</u>	
Local Governments	191,728
Total	<u><u>\$ 301,293</u></u>

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

14 DEFICIT FUND BALANCE

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

The following funds/fund accounts had deficit fund balances at June 30, 2018:

<u>General Fund</u>	
Local	\$ 26,749
General State Aid – Regional Safe Schools	32,139
<u>Education Fund</u>	
Regional Safe Schools	5,850
Area III – Homeless Liaison Project	1,851
Sangamon County Truants Alternative Optional Education Program	15,385
Kindergarten Individual Development Survey (KIDS)	189,233
Title I – School Improvement and Accountability	108,369
ISBE Field Monitor	34,504
<u>Nonmajor Special Revenue Funds</u>	
General Education Development Certificate	21,627

15 RESTATEMENT

Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, was implemented during fiscal year 2018. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing OPEB liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. During the transition year, as permitted, beginning balances for deferred outflows of resources, and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net OPEB liability. Beginning net position for governmental activities was restated to retroactively report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

Governmental activities net position	
Net position, July 1, 2017, as previously reported	\$ (2,183,897)
Net OPEB liability at July 1, 2017	(1,921,239)
Change in deferred outflows of resources related to contributions made after the June 30, 2016 measurement date	13,660
Net position, July 1, 2017, as restated	<u>\$ (4,091,476)</u>

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 24,040	\$ 27,996	\$ (3,956)	\$ 192,934	14.51%
2016	34,650	23,673	10,977	275,001	8.61%
2015	48,396	48,396	-	434,836	11.13%
2014	36,475	38,773	(2,298)	370,682	10.46%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

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

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 24,577	\$ 50,407	\$ 52,561	\$ 49,322
Interest on the Total Pension Liability	145,892	116,596	131,594	87,963
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(21,766)	328,781	(308,537)	42,222
Changes of Assumptions	(43,599)	(3,710)	860	46,271
Benefit Payments, including Refunds of Employee Contributions	(83,102)	(93,043)	(53,160)	(20,296)
Net Change in Total Pension Liability	22,002	399,031	(176,682)	205,482
Total Pension Liability - Beginning (Restated - see note below)	1,975,729	1,576,698	1,753,380	1,158,211
Total Pension Liability - Ending (A)	<u>\$ 1,997,731</u>	<u>\$ 1,975,729</u>	<u>\$ 1,576,698</u>	<u>\$ 1,363,693</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 27,996	\$ 23,673	\$ 55,659	\$ 38,773
Contributions - Employees	8,682	7,888	20,859	16,681
Net Investment Income	292,452	564,534	(373,570)	56,764
Benefit Payments, including Refunds of Employee Contributions	(83,102)	(93,043)	(53,160)	(20,296)
Other (Net Transfer)	(1,576)	(8,984)	52,565	(749)
Net Change in Plan Fiduciary Net Position	244,452	494,068	(297,647)	91,173
Plan Fiduciary Net Position - Beginning (Restated - see note below)	1,802,347	1,308,279	1,605,926	1,149,379
Plan Fiduciary Net Position - Ending (B)	<u>\$ 2,046,799</u>	<u>\$ 1,802,347</u>	<u>\$ 1,308,279</u>	<u>\$ 1,240,552</u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u>\$ (49,068)</u>	<u>\$ 173,382</u>	<u>\$ 268,419</u>	<u>\$ 123,141</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.46%	91.22%	82.98%	90.97%
Covered Payroll	\$ 192,934	\$ 275,001	\$ 434,836	\$ 370,682
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-25.43%	63.05%	61.73%	33.22%

Notes to Schedule:

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

Effective July 1, 2015, Sangamon County Regional Office of Education #51 consolidated with Menard County which was formerly included in the Logan/Mason/Menard Counties Regional Office of Education #38. As a result of the consolidation, pension liability - beginning and plan fiduciary net position - beginning for calendar year 2015 increased by \$389,687 and \$365,374, respectively.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
For the Year Ended June 30,

	2017*	2016*	2015*	2014*
Employer's proportion of the net pension liability	0.0099652412%	0.0101705231%	0.0081377947%	0.0066172458%
Employer's proportionate share of the net pension liability	\$ 7,613,260	\$ 8,028,209	\$ 5,331,075	\$ 4,027,141
State's proportionate share of the net pension liability associated with the employer	<u>12,270,209</u>	<u>12,625,984</u>	<u>9,546,787</u>	<u>6,221,007</u>
Total	<u>\$ 19,883,469</u>	<u>\$ 20,654,193</u>	<u>\$ 14,877,862</u>	<u>\$ 10,248,148</u>
Employer's covered payroll	\$ 1,632,415	\$ 1,759,664	\$ 1,647,690	\$ 1,739,445
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	466.4%	456.2%	323.5%	231.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
For the Year Ended June 30,

	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 124,024	\$ 410,578	\$ 396,120	\$ 282,344	\$ 237,194
Contributions in relation to the statutorily-required contribution	<u>124,024</u>	<u>410,536</u>	<u>398,107</u>	<u>284,634</u>	<u>233,941</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ (1,987)</u>	<u>\$ (2,290)</u>	<u>\$ 3,253</u>
Employer's covered payroll	\$ 1,788,833	\$ 1,632,415	\$ 1,759,664	\$ 1,647,690	\$ 1,739,445
Contributions as a percentage of covered payroll	6.9%	25.1%	22.6%	17.3%	13.4%

Notes to Required Supplementary Information

Changes of assumptions

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

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and 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 real return of 4.5 percent. However, salary increases were assumed to vary by age.

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET OPEB LIABILITY
Teachers' Health Insurance Security Fund
For the Year Ended June 30,

	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.007069%	0.006811%
Employer's proportionate share of the collective net OPEB liability	\$ 1,834,390	\$ 1,861,767
State's proportionate share of the collective net OPEB liability associated with the employer	<u>2,408,984</u>	<u>2,581,601</u>
Total	<u>\$ 4,243,374</u>	<u>\$ 4,443,368</u>
Employer's covered payroll	\$ 1,632,415	\$ 1,586,361
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.4%	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.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teachers' Health Insurance Security Fund
For the Year Ended June 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 15,742	\$ 13,712	\$ 12,691
Contributions in relation to the statutorily-required contribution	<u>15,742</u>	<u>13,660</u>	<u>12,691</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>
Employer's covered payroll	\$ 1,788,833	\$ 1,632,415	\$ 1,586,361
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

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

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
Other Postemployment Benefits - Health Insurance

Fiscal Year Ended June 30,	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 11,687
Interest	2,100
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(1,233)
Benefit Payments	(1,638)
Net Change in Total OPEB Liability	<u>10,916</u>
Total OPEB Liability - Beginning	<u>59,472</u>
Total OPEB Liability - Ending	<u><u>\$ 70,388</u></u>
 Covered Payroll	 \$ 1,884,462
 Total OPEB Liability as a Percentage of Covered Payroll	 3.74%

Notes to Schedule:

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

SUPPLEMENTARY INFORMATION

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2018

	Local	Administrative Discretionary	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	WestEd	Total
Assets:						
Cash and cash equivalents	\$ -	\$ 71,516	\$ 196,508	\$ -	\$ -	\$ 268,024
Investments	-	110,629	110,629	110,629	-	331,887
Accounts receivable	-	23,396	-	-	-	23,396
Due from other funds	-	820,437	-	-	-	820,437
Due from other governments	34,779	48,183	988	2,310	-	86,260
Prepaid expenses	-	7,226	1,310	655	-	9,191
Total assets	34,779	1,081,387	309,435	113,594	-	1,539,195
Deferred outflows of resources:						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 34,779	\$ 1,081,387	\$ 309,435	\$ 113,594	\$ -	\$ 1,539,195
Liabilities:						
Accounts payable	\$ 1,710	\$ 2,531	\$ 620	\$ 610	\$ -	\$ 5,471
Accrued payroll and employee benefits	-	-	20,119	23,662	-	43,781
Due to other funds	31,844	-	-	119,074	-	150,918
Due to other governments	-	15	1,467	77	-	1,559
Total liabilities	33,554	2,546	22,206	143,423	-	201,729
Deferred inflows of resources:						
Unavailable revenue	27,974	38,739	988	2,310	-	70,011
Fund balance (deficit):						
Nonspendable	-	7,226	1,310	655	-	9,191
Assigned	-	-	284,931	-	-	284,931
Unassigned	(26,749)	1,032,876	-	(32,794)	-	973,333
Total fund balance (deficit)	(26,749)	1,040,102	286,241	(32,139)	-	1,267,455
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ 34,779	\$ 1,081,387	\$ 309,435	\$ 113,594	\$ -	\$ 1,539,195

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2018

	Local	Administrative Discretionary	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	WestEd	Total
Revenues:						
Local sources	\$ 12,559	\$ 320,146	\$ 5,700	\$ -	\$ 98,486	\$ 436,891
State sources	-	-	319,899	169,351	-	489,250
On-behalf payments - local	320,635	-	-	-	-	320,635
On-behalf payments - state	277,889	-	-	-	-	277,889
Interest income	-	10,163	8,274	8,274	-	26,711
Net decrease in fair value of investments	-	(5,583)	(5,583)	(5,583)	-	(16,749)
Total revenues	611,083	324,726	328,290	172,042	98,486	1,534,627
Expenditures:						
Instructional services:						
Salaries and benefits	-	34,993	236,130	190,765	48,201	510,089
Pension expense	-	5,488	4,143	2,531	-	12,162
OPEB expense	-	-	2,457	1,029	-	3,486
Purchased services	12,899	61,206	13,520	43,288	39,275	170,188
Supplies and materials	52	5,363	8,871	2,399	1,105	17,790
Other objects	-	17,174	-	-	5,000	22,174
Administrative:						
On-behalf payments - local	320,635	-	-	-	-	320,635
On-behalf payments - state	277,889	-	-	-	-	277,889
Total expenditures	611,475	124,224	265,121	240,012	93,581	1,334,413
Excess (deficiency) of revenues over (under) expenditures	(392)	200,502	63,169	(67,970)	4,905	200,214
Other financing sources (uses):						
Transfers in	-	4,905	-	-	-	4,905
Transfers out	-	(18,768)	(386)	(102)	(4,905)	(24,161)
Total other financing sources (uses)	-	(13,863)	(386)	(102)	(4,905)	(19,256)
Net change in fund balance (deficit)	(392)	186,639	62,783	(68,072)	-	180,958
Fund balance (deficit) - beginning	(26,357)	853,463	223,458	35,933	-	1,086,497
Fund balance (deficit) - ending	\$ (26,749)	\$ 1,040,102	\$ 286,241	\$ (32,139)	\$ -	\$ 1,267,455

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

June 30, 2018

	Regional Safe Schools	Area III – Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	State and Federal School Breakfast and Lunch	Kindergarten Individual Development Survey (KIDS)
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 12,335	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	14,950	7,468	30,776	141	189,233
Total assets	<u>14,950</u>	<u>7,468</u>	<u>30,776</u>	<u>12,476</u>	<u>189,233</u>
Deferred outflows of resources:					
None	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 14,950</u>	<u>\$ 7,468</u>	<u>\$ 30,776</u>	<u>\$ 12,476</u>	<u>\$ 189,233</u>
Liabilities:					
Accounts payable	\$ -	\$ 1,925	\$ -	\$ -	\$ 6,745
Accrued payroll and employee benefits	14,029	1,851	27,754	-	1,132
Due to other funds	819	3,666	2,931	-	181,074
Due to other governments	102	26	91	-	282
Unearned revenue	-	-	-	-	-
Total liabilities	<u>14,950</u>	<u>7,468</u>	<u>30,776</u>	<u>-</u>	<u>189,233</u>
Deferred inflows of resources:					
Unavailable revenue	5,850	1,851	15,385	100	189,233
Fund balance (deficit):					
Restricted	-	-	-	12,376	-
Unassigned	(5,850)	(1,851)	(15,385)	-	(189,233)
Total fund balance (deficit)	<u>(5,850)</u>	<u>(1,851)</u>	<u>(15,385)</u>	<u>12,376</u>	<u>(189,233)</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 14,950</u>	<u>\$ 7,468</u>	<u>\$ 30,776</u>	<u>\$ 12,476</u>	<u>\$ 189,233</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

June 30, 2018

	Title I – School Improvement and Accountability	Title II – Teacher Quality – Leadership	Principal Preparation and Evaluation	Reading Initiative	ROE/ISC Operations
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 3,884	\$ 3,566	\$ 13
Accounts receivable	-	-	-	-	-
Due from other governments	304,884	-	-	-	-
Total assets	<u>304,884</u>	<u>-</u>	<u>3,884</u>	<u>3,566</u>	<u>13</u>
Deferred outflows of resources:					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 304,884</u>	<u>\$ -</u>	<u>\$ 3,884</u>	<u>\$ 3,566</u>	<u>\$ 13</u>
Liabilities:					
Accounts payable	\$ 255	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Due to other funds	204,169	-	-	-	-
Due to other governments	100,460	-	-	3,566	13
Unearned revenue	-	-	-	-	-
Total liabilities	<u>304,884</u>	<u>-</u>	<u>-</u>	<u>3,566</u>	<u>13</u>
Deferred inflows of resources:					
Unavailable revenue	<u>108,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit):					
Restricted	-	-	3,884	-	-
Unassigned	(108,369)	-	-	-	-
Total fund balance (deficit)	<u>(108,369)</u>	<u>-</u>	<u>3,884</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 304,884</u>	<u>\$ -</u>	<u>\$ 3,884</u>	<u>\$ 3,566</u>	<u>\$ 13</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

June 30, 2018

	American Institute of Research	Pilot Regional Safe School Cooperative Education Program	ISBE Field Monitor	AdvancED	Total
Assets:					
Cash and cash equivalents	\$ -	\$ 632	\$ -	\$ -	\$ 20,430
Accounts receivable	189,869	-	-	-	189,869
Due from other governments	-	-	69,372	6,500	623,324
Total assets	189,869	632	69,372	6,500	833,623
Deferred outflows of resources:					
None	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 189,869	\$ 632	\$ 69,372	\$ 6,500	\$ 833,623
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 2,559	\$ 6,500	\$ 17,984
Accrued payroll and employee benefits	2,065	-	-	-	46,831
Due to other funds	187,592	-	66,813	-	647,064
Due to other governments	212	81	-	-	104,833
Unearned revenue	-	551	-	-	551
Total liabilities	189,869	632	69,372	6,500	817,263
Deferred inflows of resources:					
Unavailable revenue	-	-	34,504	-	355,292
Fund balance (deficit):					
Restricted	-	-	-	-	16,260
Unassigned	-	-	(34,504)	-	(355,192)
Total fund balance (deficit)	-	-	(34,504)	-	(338,932)
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ 189,869	\$ 632	\$ 69,372	\$ 6,500	\$ 833,623

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2018

	Regional Safe Schools	Area III – Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	State and Federal School Breakfast and Lunch	Kindergarten Individual Development Survey (KIDS)
Revenues:					
State sources	\$ 159,507	\$ -	\$ 261,641	\$ 336	\$ 377,911
Federal sources	-	39,816	-	18,728	-
Total revenues	<u>159,507</u>	<u>39,816</u>	<u>261,641</u>	<u>19,064</u>	<u>377,911</u>
Expenditures					
Instructional services:					
Salaries and benefits	103,678	30,700	177,143	-	339,007
Pension expense	898	760	7,542	-	1,246
OPEB expense	596	-	-	-	1,626
Purchased services	103	6,679	330	21,325	173,284
Supplies and materials	777	3,690	57	-	46,147
Other objects	-	-	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	-	13,447
Total expenditures	<u>106,052</u>	<u>41,829</u>	<u>185,072</u>	<u>21,325</u>	<u>574,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,455</u>	<u>(2,013)</u>	<u>76,569</u>	<u>(2,261)</u>	<u>(196,846)</u>
Other financing sources (uses):					
Transfers in	102	162	386	-	7,613
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>102</u>	<u>162</u>	<u>386</u>	<u>-</u>	<u>7,613</u>
Net change in fund balance (deficit)	53,557	(1,851)	76,955	(2,261)	(189,233)
Fund balance (deficit) - beginning	<u>(59,407)</u>	<u>-</u>	<u>(92,340)</u>	<u>14,637</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ (5,850)</u>	<u>\$ (1,851)</u>	<u>\$ (15,385)</u>	<u>\$ 12,376</u>	<u>\$ (189,233)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2018

	Title I – School Improvement and Accountability	Title II – Teacher Quality – Leadership	Principal Preparation and Evaluation	Reading Initiative	ROE/ISC Operations
Revenues:					
State sources	\$ -	\$ -	\$ -	\$ 6,949	\$ 144,731
Federal sources	376,345	3,200	-	-	-
Total revenues	<u>376,345</u>	<u>3,200</u>	<u>-</u>	<u>6,949</u>	<u>144,731</u>
Expenditures:					
Instructional services:					
Salaries and benefits	89,699	-	-	-	70,665
Pension expense	1,045	-	-	-	4,489
OPEB expense	-	-	-	-	-
Purchased services	23,822	3,200	-	-	80,401
Supplies and materials	2,192	-	-	-	136
Other objects	-	-	-	-	-
Intergovernmental:					
Payments to other governments	288,009	-	-	-	-
Total expenditures	<u>404,767</u>	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>155,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,422)</u>	<u>-</u>	<u>-</u>	<u>6,949</u>	<u>(10,960)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	10,960
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,960</u>
Net change in fund balance (deficit)	(28,422)	-	-	6,949	-
Fund balance (deficit) - beginning	<u>(79,947)</u>	<u>-</u>	<u>3,884</u>	<u>(6,949)</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ (108,369)</u>	<u>\$ -</u>	<u>\$ 3,884</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2018

	American Institute of Research	Pilot Regional Safe School Cooperative Education Program	ISBE Field Monitor	AdvancED	Total
Revenues:					
State sources	\$ 1,350,777	\$ 45,136	\$ 376,872	\$ -	\$ 2,723,860
Federal sources	-	-	-	6,500	444,589
Total revenues	<u>1,350,777</u>	<u>45,136</u>	<u>376,872</u>	<u>6,500</u>	<u>3,168,449</u>
Expenditures:					
Instructional services:					
Salaries and benefits	1,210,350	27,666	332,783	-	2,381,691
Pension expense	87,970	110	32,500	-	136,560
OPEB expense	7,169	159	2,706	-	12,256
Purchased services	42,051	8,425	19,619	6,500	385,739
Supplies and materials	3,270	1,817	4,179	-	62,265
Other objects	-	-	19,589	-	19,589
Intergovernmental:					
Payments to other governments	-	-	-	-	301,456
Total expenditures	<u>1,350,810</u>	<u>38,177</u>	<u>411,376</u>	<u>6,500</u>	<u>3,299,556</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33)</u>	<u>6,959</u>	<u>(34,504)</u>	<u>-</u>	<u>(131,107)</u>
Other financing sources (uses):					
Transfers in	33	-	-	-	19,256
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,256</u>
Net change in fund balance (deficit)	-	6,959	(34,504)	-	(111,851)
Fund balance (deficit) - beginning	-	(6,959)	-	-	(227,081)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,504)</u>	<u>\$ -</u>	<u>\$ (338,932)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 109,802	\$ 109,802	\$ 159,507
Total revenues	<u>109,802</u>	<u>109,802</u>	<u>159,507</u>
Expenditures:			
Instructional services:			
Salaries and benefits	109,029	109,029	103,678
Pension expense	-	-	898
OPEB expense	-	-	596
Purchased services	-	-	103
Supplies and materials	773	773	777
Total expenditures	<u>109,802</u>	<u>109,802</u>	<u>106,052</u>
Excess of revenues over expenditures	-	-	53,455
Other financing sources:			
Transfer in	-	-	102
Net change in fund balance (deficit)	-	-	53,557
Fund balance (deficit) - beginning	-	-	(59,407)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,850)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
AREA III - HOMELESS LIAISON PROJECT

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 40,888	\$ 41,888	\$ 39,816
Total revenues	<u>40,888</u>	<u>41,888</u>	<u>39,816</u>
Expenditures:			
Instructional services:			
Salaries and benefits	33,120	31,312	30,700
Pension expense	-	-	760
Purchased services	6,167	7,026	6,679
Supplies and materials	1,601	3,550	3,690
Total expenditures	<u>40,888</u>	<u>41,888</u>	<u>41,829</u>
(Deficiency) of revenues (under) expenditures	-	-	(2,013)
Other financing sources:			
Transfer in	-	-	162
Net change in fund balance (deficit)	-	-	(1,851)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,851)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SANGAMON COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 184,686	\$ 184,686	\$ 261,641
Total revenues	<u>184,686</u>	<u>184,686</u>	<u>261,641</u>
Expenditures:			
Instructional services:			
Salaries and benefits	184,686	184,686	177,143
Pension expense	-	-	7,542
Purchased services	-	-	330
Supplies and materials	-	-	57
Total expenditures	<u>184,686</u>	<u>184,686</u>	<u>185,072</u>
Excess of revenues over expenditures	-	-	76,569
Other financing sources:			
Transfer in	-	-	386
Net change in fund balance (deficit)	-	-	76,955
Fund balance (deficit) - beginning	-	-	(92,340)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,385)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 590,000	\$ 590,000	\$ 376,345
Total revenues	<u>590,000</u>	<u>590,000</u>	<u>376,345</u>
Expenditures:			
Instructional services:			
Salaries and benefits	122,809	112,277	89,699
Pension expense	-	-	1,045
Purchased services	32,129	42,624	23,822
Supplies and materials	2,248	2,285	2,192
Intergovernmental:			
Payments to other governments	432,814	432,814	288,009
Total expenditures	<u>590,000</u>	<u>590,000</u>	<u>404,767</u>
Net change in fund balance (deficit)	-	-	(28,422)
Fund balance (deficit) - beginning	-	-	(79,947)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (108,369)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY - LEADERSHIP

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 3,379	\$ 3,379	\$ 3,200
Total revenues	<u>3,379</u>	<u>3,379</u>	<u>3,200</u>
Expenditures:			
Instructional services:			
Salaries and benefits	79	79	-
Purchased services	3,300	3,300	3,200
Total expenditures	<u>3,379</u>	<u>3,379</u>	<u>3,200</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 136,398	\$ 144,731	\$ 144,731
Total revenues	<u>136,398</u>	<u>144,731</u>	<u>144,731</u>
Expenditures:			
Instructional services:			
Salaries and benefits	75,981	75,981	70,665
Pension expense	-	-	4,489
Purchased services	60,417	68,750	80,401
Supplies and materials	-	-	136
Total expenditures	<u>136,398</u>	<u>144,731</u>	<u>155,691</u>
(Deficiency) of revenues (under) expenditures	-	-	(10,960)
Other financing sources:			
Transfer in	-	-	10,960
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PILOT REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 43,029	\$ 43,029	\$ 45,136
Total revenues	<u>43,029</u>	<u>43,029</u>	<u>45,136</u>
Expenditures:			
Instructional services:			
Salaries and benefits	27,805	27,805	27,666
Pension expense	-	-	110
OPEB expense	-	-	159
Purchased services	13,585	13,585	8,425
Supplies and materials	1,639	1,639	1,817
Total expenditures	<u>43,029</u>	<u>43,029</u>	<u>38,177</u>
Net change in fund balance (deficit)	-	-	6,959
Fund balance (deficit) - beginning	-	-	(6,959)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2018

	General Education Development Certificate	Bus Driver Training	Total
Assets:			
Cash and cash equivalents	\$ -	\$ 17,010	\$ 17,010
Accounts receivable	785	470	1,255
Due from other governments	-	220	220
Total assets	785	17,700	18,485
Deferred outflows of resources:			
None	-	-	-
Total assets and deferred outflows of resources	\$ 785	\$ 17,700	\$ 18,485
Liabilities:			
Accounts payable	\$ 20	\$ 587	\$ 607
Due to other funds	22,365	-	22,365
Due to other governments	27	1	28
Total liabilities	22,412	588	23,000
Deferred inflow of resources:			
Unavailable revenue	-	10	10
Fund balance (deficit):			
Restricted	-	17,102	17,102
Unassigned	(21,627)	-	(21,627)
Total fund balance (deficit)	(21,627)	17,102	(4,525)
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ 785	\$ 17,700	\$ 18,485

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2018

	General Education Development Certificate	Bus Driver Training	Total
Revenues:			
Local sources	\$ 12,788	\$ 6,640	\$ 19,428
State sources	-	1,710	1,710
Total revenues	<u>12,788</u>	<u>8,350</u>	<u>21,138</u>
Expenditures:			
Instructional services:			
Salaries and benefits	15,154	4,844	19,998
Purchased services	249	3,976	4,225
Supplies and materials	560	-	560
Total expenditures	<u>15,963</u>	<u>8,820</u>	<u>24,783</u>
Net change in fund balance	(3,175)	(470)	(3,645)
Fund balance (deficit) - beginning	<u>(18,452)</u>	<u>17,572</u>	<u>(880)</u>
Fund balance (deficit) - ending	<u>\$ (21,627)</u>	<u>\$ 17,102</u>	<u>\$ (4,525)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

June 30, 2018

	Business-type Activities Proprietary Funds		
	Staff Development Center Workshop Fund	Background Checks	Total
Assets:			
Currents assets:			
Cash and cash equivalents	\$ 17,401	\$ 55,711	\$ 73,112
Accounts receivable	-	861	861
Due from other governments	-	3,266	3,266
Total current assets	17,401	59,838	77,239
Deferred outflows of resources:			
None	-	-	-
Liabilities:			
Current liabilities:			
Accounts payable	351	-	351
Due to other funds	-	90	90
Due to other governments	9	3,066	3,075
Unearned revenue	1,400	-	1,400
Total current liabilities	1,760	3,156	4,916
Deferred inflows of resources:			
None	-	-	-
Net position:			
Unrestricted	15,641	56,682	72,323
Total net position	\$ 15,641	\$ 56,682	\$ 72,323

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities Proprietary Funds		
	Staff Development Center Workshop Fund	Background Checks	Total
Operating revenues:			
Charges for services	\$ 9,645	\$ 53,908	\$ 63,553
Total operating revenues	9,645	53,908	63,553
Operating expenses:			
Salaries and benefits	18,209	13,367	31,576
Purchased services	5,043	34,161	39,204
Supplies and materials	845	94	939
Payments to other governments	668	-	668
Total operating expenses	24,765	47,622	72,387
Change in net position	(15,120)	6,286	(8,834)
Net position - beginning	30,761	50,396	81,157
Net position - ending	\$ 15,641	\$ 56,682	\$ 72,323

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities Proprietary Funds		
	Staff Development Center Workshop Fund	Background Checks	Total
Cash flows from operating activities:			
Receipts from customers	\$ 9,795	\$ 54,202	\$ 63,997
Payments to suppliers and providers of goods and services	(6,276)	(33,960)	(40,236)
Payments to employees	(18,209)	(13,367)	(31,576)
Net cash provided by (used for) operating activities	<u>(14,690)</u>	<u>6,875</u>	<u>(7,815)</u>
Cash flows from noncapital financing activities:			
Decrease (increase) in interfund borrowing, net	752	90	842
Net cash provided by noncapital financing activities	<u>752</u>	<u>90</u>	<u>842</u>
Net increase (decrease) in cash and cash equivalents	(13,938)	6,965	(6,973)
Cash and cash equivalents - beginning	31,339	48,746	80,085
Cash and cash equivalents - ending	<u>\$ 17,401</u>	<u>\$ 55,711</u>	<u>\$ 73,112</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (15,120)	\$ 6,286	\$ (8,834)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) Decrease in accounts receivable	-	(511)	(511)
(Increase) Decrease in due from other governments	-	805	805
Increase (Decrease) in accounts payable	282	-	282
Increase (Decrease) in due to other governments	(2)	295	293
Increase (Decrease) in unearned revenue	150	-	150
Net cash provided by (used for) operating activities	<u>\$ (14,690)</u>	<u>\$ 6,875</u>	<u>\$ (7,815)</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2018

	Illinois Education and Technology Conference	Sangamon County Schoolmasters	Sangamon County Learning Academy	Those Who Excel	Total
Assets:					
Cash and cash equivalents	\$ 165,742	\$ 6,283	\$ 9,125	\$ 9,428	\$ 190,578
Due from other governments	-	-	1,150	-	1,150
Total assets	\$ 165,742	\$ 6,283	\$ 10,275	\$ 9,428	\$ 191,728
Liabilities:					
Due to other governments	\$ 165,742	\$ 6,283	\$ 10,275	\$ 9,428	\$ 191,728
Total liabilities	\$ 165,742	\$ 6,283	\$ 10,275	\$ 9,428	\$ 191,728

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ILLINOIS EDUCATION AND TECHNOLOGY CONFERENCE</u>				
Assets:				
Cash and cash equivalents	\$ 160,258	\$ 138,175	\$ 132,691	\$ 165,742
Total assets	<u>\$ 160,258</u>	<u>\$ 138,175</u>	<u>\$ 132,691</u>	<u>\$ 165,742</u>
Liabilities:				
Due to other governments	\$ 160,258	\$ 138,175	\$ 132,691	\$ 165,742
Total liabilities	<u>\$ 160,258</u>	<u>\$ 138,175</u>	<u>\$ 132,691</u>	<u>\$ 165,742</u>
 <u>SANGAMON COUNTY SCHOOLMASTERS</u>				
Assets:				
Cash and cash equivalents	\$ 4,137	\$ 3,612	\$ 1,466	\$ 6,283
Total assets	<u>\$ 4,137</u>	<u>\$ 3,612</u>	<u>\$ 1,466</u>	<u>\$ 6,283</u>
Liabilities:				
Due to other governments	\$ 4,137	\$ 3,612	\$ 1,466	\$ 6,283
Total liabilities	<u>\$ 4,137</u>	<u>\$ 3,612</u>	<u>\$ 1,466</u>	<u>\$ 6,283</u>
 <u>SANGAMON COUNTY LEARNING ACADEMY</u>				
Assets:				
Cash and cash equivalents	\$ 9,050	\$ 7,776	\$ 7,701	\$ 9,125
Due from other governments	-	1,150	-	1,150
Total assets	<u>\$ 9,050</u>	<u>\$ 8,926</u>	<u>\$ 7,701</u>	<u>\$ 10,275</u>
Liabilities:				
Due to other governments	\$ 9,050	\$ 8,926	\$ 7,701	\$ 10,275
Total liabilities	<u>\$ 9,050</u>	<u>\$ 8,926</u>	<u>\$ 7,701</u>	<u>\$ 10,275</u>

See accompanying Independent Auditor's Report.

SANGAMON-MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>THOSE WHO EXCEL</u>				
Assets:				
Cash and cash equivalents	\$ 6,646	\$ 45,475	\$ 42,693	\$ 9,428
Total assets	\$ 6,646	\$ 45,475	\$ 42,693	\$ 9,428
Liabilities:				
Due to other governments	\$ 6,646	\$ 45,475	\$ 42,693	\$ 9,428
Total liabilities	\$ 6,646	\$ 45,475	\$ 42,693	\$ 9,428
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 180,091	\$ 195,038	\$ 184,551	\$ 190,578
Due from other governments	-	1,150	-	1,150
Total assets	\$ 180,091	\$ 196,188	\$ 184,551	\$ 191,728
Liabilities:				
Due to other governments	\$ 180,091	\$ 196,188	\$ 184,551	\$ 191,728
Total liabilities	\$ 180,091	\$ 196,188	\$ 184,551	\$ 191,728

See accompanying Independent Auditor's Report.