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**STATE OF ILLINOIS  
MADISON COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL AUDIT  
For the Year Ended June 30, 2018**

**Performed as Special Assistant Auditors  
for the Office of the Auditor General  
State of Illinois**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

**OFFICIALS**

Regional Superintendent  
(July 1, 2019 – Current)

Mr. Robert W. Werden

Regional Superintendent  
(During the Audit Period July 1, 2017 – June 30, 2019)

Dr. Robert A. Daiber

Assistant Regional Superintendent  
(July 1, 2019 – Current)

Ms. Cindy Gagich &  
Mr. David Elson

Assistant Regional Superintendent  
(During the Audit Period July 1, 2017 – June 30, 2019)

Mr. Andrew Reinking

Offices are located at:

157 N. Main Street, Ste 438  
Edwardsville, Illinois 62025-1966

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL REPORT SUMMARY**

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.

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2018-001	10a-10b	Departure from U.S. Generally Accepted Accounting Principles (GAAP)	Material Weakness

**PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)**

There were no prior year audit findings.

**EXIT CONFERENCE**

An informal exit conference was held on September 20, 2018 with the management of the Madison County Regional Office of Education No. 41. Attending were Robert Daiber, Regional Superintendent, Andrew Reinking, Assistant Regional Superintendent; Dennis Brueggemann, Administrative Assistant for Finance; Wanda Stoecklin, Bookkeeper; Dana Ponder, Office Manager; and Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP. Responses to the findings were provided by Dennis Brueggemann, Administrative Assistant for Finance, on July 30, 2019. The Regional Office did not request a formal exit conference at this time.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Madison County Regional Office of Education No. 41 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed a qualified opinion on the Madison County Regional Office of Education No. 41's basic financial statements.

## **INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

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

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

## **Basis for Qualified Opinion**

The Madison County Regional Office of Education No. 41 did not recognize and disclose postemployment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* related to its Defined Benefit Plan – Madison County Health Plan. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America. The effects of this departure from U.S. generally accepted accounting principles on the financial statements of the Madison County Regional Office of Education No. 41 are not reasonably determinable.

## **Qualified Opinion**

In our opinion, except for the effects of not recognizing assets, liabilities, deferred outflows of resources, and/or deferred inflows of resources for postemployment benefits other than pensions in the Statement of Net Position and the Statement of Activities as described in the preceding paragraph, 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 Madison County Regional Office of Education No. 41, 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 disclosed in Note 1 in the notes to the financial statements, the Madison County Regional Office of Education No. 41 adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the Teacher Health Insurance Security Fund. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

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

### Other Information

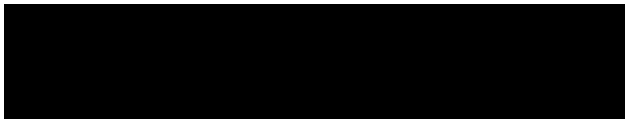
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County Regional Office of Education No. 41’s basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.



The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates 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 supplementary information as listed in the table of contents, is 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 July 31, 2019 on our consideration of the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No 41's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison County Regional Office of Education No. 41's internal control over financial reporting and compliance.



KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
July 31, 2019

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements, and have issued our report thereon dated July 31, 2019. Our opinion was qualified because the Madison County Regional Office of Education No. 41 did not recognize and disclose postemployment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* related to its Defined Benefit Plan – Madison County Health Plan. Disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Madison County Regional Office of Education No. 41's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Madison County Regional Office of Education No. 41'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Madison County Regional Office of Education No. 41's Response to Finding**

Madison County Regional Office of Education No. 41's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Madison County Regional Office of Education No. 41's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
July 31, 2019

## **SCHEDULE OF FINDINGS AND RESPONSES**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS' RESULTS  
JUNE 30, 2018**

**Financial Statements in Accordance with GAAP**

Type of auditors' report issued:	<i>Qualified</i>
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**FINDING NO. 2018-001 – Departure from U.S. Generally Accepted Accounting Principles**

**Criteria/Specific Requirement:**

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2)) requires that each Regional Office of Education maintain the accounting records necessary to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation, prepared in accordance with GASB Statement No. 75, is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

**Condition:**

The Madison County Regional Office of Education No. 41 participates in a defined benefit plan, the Madison County Health Plan, which provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. This plan is administered by the Madison County Government which obtains the actuarial valuation of the postemployment benefits other than pensions. The Madison County Regional Office of Education No. 41 is included in this actuarial valuation. However, due to the fact that the County has a different fiscal year end (11/30) than the Regional Office (6/30), the most recent valuation obtained for the period ended November 30, 2017, was prepared in accordance with GASB Statement No. 45 rather than GASB Statement No. 75.

In the absence of an actuarial valuation prepared in accordance with GASB Statement No. 75, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the Madison County Regional Office of Education No. 41 as of June 30, 2018.

**Effect:**

Failure to apply the accounting and reporting requirements of GASB Statement No. 75 could result in material misstatements of the Madison County Regional Office of Education No. 41's financial statements. This could also result in inaccurate and incomplete disclosure of the OPEB plan description, the funding policy, and the annual OPEB and total OPEB obligation.

**Cause:**

The Madison County Government is not required to implement GASB Statement No. 75 until its fiscal year ended November 30, 2018. Since the Madison County Regional Office of Education No. 41 relies on the actuarial report prepared for the Madison County Government, the Madison County Regional Office of Education No. 41 will not have an actuarial report prepared in accordance with GASB Statement No. 75 until its fiscal year ended June 30, 2019.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**FINDING NO. 2018-001 – Departure from U.S. Generally Accepted Accounting Principles (Concluded)**

**Auditor’s Recommendation:**

The Madison County Regional Office of Education No. 41 should discuss with the Madison County Government the requirements of GASB Statement No. 75 to ensure the County is having a new actuarial valuation prepared in accordance with GASB Statement No. 75 for its fiscal year ended November 30, 2018 and that the Madison County Regional Office of Education No. 41’s portion of the OPEB liability can be separately identified. The Madison County Regional Office of Education No. 41 should ensure the actuary report provided by Madison County contains all the information needed to support the Regional Office’s OPEB balances and related disclosures or consider having its own actuarial valuation performed in accordance with GASB Statement No. 75 for the year ended June 30, 2019.

**Management’s Response:**

The Madison County Government’s actuarial valuation report as of November 30, 2018 was performed in accordance with GASB Statement No. 75.



Madison County Government  
Regional Office of Education

*Robert W. Werden • Regional Superintendent*  
*Cynthia A. Gagich • Assistant Regional Superintendent*  
*David C. Elson • Assistant Regional Superintendent*  
157 North Main Street Suite 438  
Edwardsville, IL 62025  
Phone (618) 296-4530 • Fax (618) 692-7018  
www.roe41.org

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**CORRECTIVE ACTION PLAN**

**FINDING NO. 2018-001 – Departure from U.S. Generally Accepted Accounting Principles**

**Condition:**

The Madison County Regional Office of Education No. 41 participates in a defined benefit plan, the Madison County Health Plan, which provides postemployment benefits other than pensions to its employees in exchange for employee services rendered. This plan is administered by the Madison County Government which obtains the actuarial valuation of the postemployment benefits other than pensions. The Madison County Regional Office of Education No. 41 is included in this actuarial valuation. However, due to the fact that the County has a different fiscal year end (11/30) than the Regional Office (6/30), the most recent valuation obtained for the period ended November 30, 2017, was prepared in accordance with GASB Statement No. 45 rather than GASB Statement No. 75.

In the absence of an actuarial valuation prepared in accordance with GASB Statement No. 75, or the application of the alternative measurement method, the auditors could not reasonably determine the amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the Madison County Regional Office of Education No. 41 as of June 30, 2018.

**Plan:**

The Madison County Government's actuarial valuation report as of November 30, 2018 was performed in accordance with GASB Statement No. 75.

**Anticipated Date of Completion:**

Prior to the FY2019 audit.

**Name of Contact Person:**

Dennis Brueggemann, Administrative Assistant for Finance



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
JUNE 30, 2018**

There were no prior year audit findings.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2018**

As management of Madison County Regional Office of Education No. 41, we offer readers a review of our financial statements and an analysis of the financial activities of the Regional Office of Education No. 41 for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with Regional Office of Education No. 41's financial statements, which follow this section.

**2018 Financial Highlights**

- The assets and deferred outflows of resources of the Regional Office of Education No. 41 exceeded its liabilities and deferred inflows of resources by \$168,474 (total net position).
- Charges for services for the governmental activities increased by \$77,201 or 13.5% and the business-type activities increased by \$58,091 or 22.0% in FY 2018. During FY 2018 there was an increase in governmental activities resulting from an increase in the tuition paid by school districts for students enrolled in the Lighthouse Educational Assistance Program, an increase in the services provided at the testing center, and an increase in certificate registrations. The increase in business-type activities was due to funds received for a Clay Street Property agreement in the ROE Administrative account and an increase in the technology professional development activities which was partially offset by a decrease in the School Improvement Program in FY 2018.
- Operating grant monies received by Regional Office of Education No. 41 increased in comparison to the prior year partially due to the increase in funding for the following grants: Vocational Adjustment Counselor Grant, Foundational Services Grant and the McKinney Vento Homeless Children Grant. An additional increase was due to the addition of two new grant programs. Total revenues from operating grants increased by \$163,362 or 15.9%.
- Total expenses increased by \$53,014 or 1.6%. The largest cause for this increase in expenses is the OPEB expense recognized relating to the THIS OPEB liability.

**Overview of the Financial Statements**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office of Education No. 41's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education No. 41 as a whole and present an overall view of the Regional Office of Education No. 41's finances.
- *Fund financial statements* illustrate how governmental services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the Regional Office of Education No. 41's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements, and other supplementary information includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts and other non-major funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2018**

**The Statement of Net Position and the Statement of Activities**

The government-wide financial statements are designed to provide readers with a broad overview of Regional Office of Education No. 41's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of Regional Office of Education No. 41's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of Regional Office of Education No. 41 is improving or deteriorating.

The Statement of Activities presents information showing how Regional Office of Education No. 41's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, Regional Office of Education No. 41's activities are divided into two categories:

- *Governmental activities:* Most of Regional Office of Education No. 41's basic services, such as regular and special education instruction, instructional staff support services and administration, are included here. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities:* Regional Office of Education No. 41 charges fees to help cover the costs of certain services it provides, such as workshops, conferences and teacher certification.

**Fund Financial Statements**

The fund financial statements provide detailed information about Regional Office of Education No. 41's funds, focusing on its most significant or "major" funds, not Regional Office of Education No. 41 as a whole. Funds are accounting devices Regional Office of Education No. 41 used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. Regional Office of Education No. 41 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of Regional Office of Education No. 41 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds account for most of Regional Office of Education No. 41's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By doing so, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2018**

**Fund Financial Statements (Concluded)**

Governmental funds include all general and special revenue funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

Proprietary Funds. Regional Office of Education No. 41 maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. Regional Office of Education No. 41 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Technology Hub, SIP Workshop, and ROE Administrative funds.

The proprietary funds required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Regional Office of Education No. 41's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. Regional Office of Education No. 41's net position at the end of FY 2018 totaled \$168,474. The analysis that follows provides a summary of the Regional Office of Education No. 41's net position as of June 30.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2018**

**Government-wide Financial Analysis (Continued)**

CONDENSED STATEMENT OF NET POSITION

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current assets	\$ 1,394,134	\$ 1,139,319	\$ 548,860	\$ 547,034	\$ 1,942,994	\$ 1,686,353
Capital assets, net	8,867	1,204	712	1,872	9,579	3,076
Other noncurrent assets	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<b>TOTAL ASSETS</b>	<u>1,404,001</u>	<u>1,141,523</u>	<u>549,572</u>	<u>548,906</u>	<u>1,953,573</u>	<u>1,690,429</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>77,705</u>	<u>16,292</u>	<u>-</u>	<u>-</u>	<u>77,705</u>	<u>16,292</u>
<b>LIABILITIES</b>						
Current liabilities	119,932	122,208	9,833	6,094	129,765	128,302
Noncurrent liabilities	<u>1,541,664</u>	<u>568,832</u>	<u>-</u>	<u>-</u>	<u>1,541,664</u>	<u>568,832</u>
<b>TOTAL LIABILITIES</b>	<u>1,661,596</u>	<u>691,040</u>	<u>9,833</u>	<u>6,094</u>	<u>1,671,429</u>	<u>697,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>191,375</u>	<u>139,007</u>	<u>-</u>	<u>-</u>	<u>191,375</u>	<u>139,007</u>
<b>NET POSITION</b>						
Net investment in capital assets	8,867	1,204	712	1,872	9,579	3,076
Restricted - other	786,793	687,336	-	-	786,793	687,336
Unrestricted	<u>(1,166,925)</u>	<u>(360,772)</u>	<u>539,027</u>	<u>540,940</u>	<u>(627,898)</u>	<u>180,168</u>
<b>TOTAL NET POSITION</b>	<u>\$ (371,265)</u>	<u>\$ 327,768</u>	<u>\$ 539,739</u>	<u>542,812</u>	<u>\$ 168,474</u>	<u>\$ 870,580</u>

For FY 2018, total assets and deferred outflows of resources increased by \$324,557 or 19.0% while total liabilities and deferred inflows of resources had an increase of \$1,026,663 or 122.8%. The change in total assets and deferred outflows of resources is mainly due to the increase in funding received from the federal and State sources and a decrease in expenditures in some programs. Also, the change in total liabilities and deferred inflows of resources is mainly due to increases in net OPEB obligations.

As indicated above, Regional Office of Education No. 41 reported positive net position for both the governmental and business-type activities. The assets and deferred outflows of resources of Regional Office of Education No. 41 exceeded its liabilities and deferred inflows of resources at the close of the year by \$168,474 (net position). The net investment in capital assets was \$9,579 at the end of fiscal year 2018. Regional Office of Education No. 41 uses these capital assets in providing services to its citizens, consequently, these assets are not available for future spending. In addition, net position related to educational grants and contracts are considered restricted for educational purposes.

Due to the changes in the accounting principles described in Note 1, beginning net position as of June 30, 2017 has been decreased by \$883,066 for governmental activities from \$327,768 to (\$555,298). The decrease represents a restatement of net position due to the prior year OPEB liability.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2018**

**Government-wide Financial Analysis (Continued)**

**CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 649,627	\$ 572,426	\$ 322,689	\$ 264,598	\$ 972,316	\$ 837,024
Operating grants & contributions	<u>1,193,154</u>	<u>1,029,792</u>	<u>-</u>	<u>-</u>	<u>1,193,154</u>	<u>1,029,792</u>
Total program revenues	<u>1,842,781</u>	<u>1,602,218</u>	<u>322,689</u>	<u>264,598</u>	<u>2,165,470</u>	<u>1,866,816</u>
General revenues & gains:						
Interest	8,301	6,268	2,531	2,572	10,832	8,840
On-behalf payments - State	938,323	885,960	-	-	938,323	885,960
On-behalf - Local	<u>676,666</u>	<u>727,943</u>	<u>-</u>	<u>-</u>	<u>676,666</u>	<u>727,943</u>
Total general revenues & gains	<u>1,623,290</u>	<u>1,620,171</u>	<u>2,531</u>	<u>2,572</u>	<u>1,625,821</u>	<u>1,622,743</u>
Total Revenues	<u>3,466,071</u>	<u>3,222,389</u>	<u>325,220</u>	<u>267,170</u>	<u>3,791,291</u>	<u>3,489,559</u>
Expenses:						
Salaries	937,838	1,034,970	94,989	19,012	1,032,827	1,053,982
Benefits	218,369	278,520	12,044	5,675	230,413	284,195
Purchased services	226,064	272,365	177,458	149,737	403,522	422,102
Supplies and materials	48,761	45,445	17,121	10,762	65,882	56,207
Other objects	11,308	296	3,521	3,397	14,829	3,693
Payments to other governments	134,744	29,511	22,000	63,000	156,744	92,511
Depreciation	997	2,070	1,160	1,249	2,157	3,319
Pension expense (benefit)	(41,686)	(48,056)	-	-	(41,686)	(48,056)
OPEB expense (benefit)	130,654	-	-	-	130,654	-
On-behalf payments - State	938,323	885,960	-	-	938,323	885,960
On-behalf - Local	<u>676,666</u>	<u>727,943</u>	<u>-</u>	<u>-</u>	<u>676,666</u>	<u>727,943</u>
Total expenses	<u>3,282,038</u>	<u>3,229,024</u>	<u>328,293</u>	<u>252,832</u>	<u>3,610,331</u>	<u>3,481,856</u>
Change in net position	184,033	(6,635)	(3,073)	14,338	180,960	7,703
Net Position – beginning (restated)	<u>(555,298)</u>	<u>334,403</u>	<u>542,812</u>	<u>528,474</u>	<u>(12,486)</u>	<u>862,877</u>
Net Position – ending	<u>\$ (371,265)</u>	<u>\$ 327,768</u>	<u>\$ 539,739</u>	<u>\$ 542,812</u>	<u>\$ 168,474</u>	<u>\$ 870,580</u>

**Governmental Activities**

Total revenues for governmental activities increased by \$243,682 or 7.6% in fiscal year 2018. The increase in revenue is due to the addition of two new grant programs and in increase in revenue received for charges for services. These increases were partially offset by decreases in the on-behalf revenues at the local level.

Total expenditures for governmental activities increased by \$53,014 or 1.6% in FY 2018. This is mainly due to an increase in payments to other governments related to the sub recipients of a new grant received by the entity.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2018**

**Business-type Activities**

- Revenues for this activity are comprised of charges for services. Expenses are for the purchase of services and the costs related to the workshops, conferences and academics conducted by the Regional Office of Education No. 41. The increase in total revenues by \$58,050 or 21.7% was due to funds received for a Clay Street Property agreement in the ROE Administrative account and an increase in the technology professional development activities which was partially offset by a decrease in the School Improvement Program in FY 2018 and the continuation of the fingerprinting and testing services. The increase in the total expenditures by \$75,461 or 29.9% was mainly due to the increase in expenses related to the Technology Hub since the program was no longer funded by the ISBE grant.

**Financial Analysis of the Regional Office of Education No. 41 Funds**

As previously noted, Regional Office of Education No. 41 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Fund Highlights**

The Regional Office of Education No. 41's governmental funds reported combined fund balances of \$1,274,202. This is an increase of \$384,175 or 43.2% from last year's ending fund balance of \$890,027. The increase is mainly due to decreases in expenditures in the operation of the school programs and the recognition of deferred revenue in FY 2018.

**Proprietary Fund Highlights**

The proprietary fund net position decreased by \$3,073 or 0.6% from \$542,812 at June 30, 2017, to \$539,739 at June 30, 2018. The decrease is mainly due to the increase in expenditures incurred in the Technology Hub account which was offset by funds received from the Clay Street property agreement.

**Budgetary Highlights**

Presenting an overall budget is not a legal requirement of Regional Office of Education No. 41. Formal budgets are not adopted for all funds, therefore budgetary comparison statements are not included in the financial statements.

Regional Office of Education No. 41 is a sub-recipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs is presented as supplementary information.

**Capital Assets**

At June 30, 2018, the Regional Office of Education No. 41 had invested \$9,579, net of accumulated depreciation, in computers, audio-visual equipment, cafeteria, and other office equipment. This is a net increase of \$6,503 from last year. This increase represents depreciation and disposal of equipment of \$2,157 with an addition of \$8,660 in equipment.

More detailed information about capital assets is available in Note 8 to the financial statements.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**JUNE 30, 2018**

**Economic Factors and Next Years' Budget**

At the time these financial statements were prepared and audited, the ROE was aware of several existing circumstances that could significantly affect its financial health in the future.

- The Regional Office of Education No. 41 has maintained stable enrollment in Regional Safe School Program (RSSP) and in the Educational Therapy Center (ETC) from FY 2018 to FY 2019. A change in enrollment and placement at the Lighthouse Education Assistance Program (LEAP) from ninety-day to sixty-day placement will continue to impact revenues in the next fiscal year.
- The Evidenced Based Funding (EBF) (formerly General State Aid - GSA) entitlement for FY 2019 will be funded at 100%. With the implementation of Evidence-Based Funding (EBF), there could be a change in the funding received for Regional Safe School Programs (RSSP). If there is a proration of EBF similar to past GSA proration, the RSSP programs would receive less funds than the entitlements. A proration of the EBF (formerly GSA) entitlement is always a possibility.
- The Regional Office of Education No. 41 anticipates no increase in revenue and corresponding expenditures in the Regional Safe School Program, the Truants Alternative Program, and the School Improvement Program. Any future decreases in revenue will result from the loss of or reduction in other State grants due to the State of Illinois' financial condition.
- The Regional Office of Education No. 41 is expecting to have stable employment expenditures for FY 2019 as there was no need to make significant changes because of the changes made in FY 2017 due to the lack of funds and personnel changes in FY 2018.
- The Regional Office of Education No. 41 does not anticipate a change in revenue in the Bus Driver Training Fund for FY 2019.
- The Regional Office of Education No. 41 anticipates a change in revenue and expenditures in the General Education Development Fund for FY 2019 since the transcript fee increased by 25% on July 1, 2018.
- The Regional Office of Education No. 41 does not anticipate a change in revenue and expenditures in the business-type activities due to the stability of the activity of computer-based testing since the operation of a computer-based testing facility will continue.

**Contacting the Regional Office's Financial Management**

The financial report is designed to provide the Regional Office of Education No. 41's citizens, taxpayers, customers, and constituents with a general overview of the Regional Office of Education No. 41's finances and to demonstrate the Regional Office of Education No. 41's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Administrative Assistant of Finance of the Madison County Regional Office of Education, 157 N. Main Street, Suite 438, Edwardsville, IL 62025.

## **BASIC FINANCIAL STATEMENTS**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 617,667	\$ 406,135	\$ 1,023,802
Certificates of deposit	673,328	-	673,328
Accounts receivable	174	27,502	27,676
Due from (to) other funds	(8,057)	8,057	-
Due from ISBE	22,349	-	22,349
Due from other governments	88,673	12,166	100,839
Prepaid Lease	-	95,000	95,000
Total current assets	<u>1,394,134</u>	<u>548,860</u>	<u>1,942,994</u>
Noncurrent assets:			
Security deposit	1,000	-	1,000
Capital assets, net	8,867	712	9,579
Total noncurrent assets	<u>9,867</u>	<u>712</u>	<u>10,579</u>
<b>TOTAL ASSETS</b>	<u>1,404,001</u>	<u>549,572</u>	<u>1,953,573</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	35,570	-	35,570
Deferred outflows related to OPEB	42,135	-	42,135
Total deferred outflows of resources	<u>77,705</u>	<u>-</u>	<u>77,705</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	4,462	2,557	7,019
Accrued expenses	90,508	2,835	93,343
Due to other governments	24,962	4,441	29,403
Total current liabilities	<u>119,932</u>	<u>9,833</u>	<u>129,765</u>
Noncurrent liabilities			
Compensated absences	38,190	-	38,190
Net pension liability	113,742	-	113,742
Net OPEB liability	1,389,732	-	1,389,732
Total noncurrent liabilities	<u>1,541,664</u>	<u>-</u>	<u>1,541,664</u>
<b>TOTAL LIABILITIES</b>	<u>1,661,596</u>	<u>9,833</u>	<u>1,671,429</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	85,560	-	85,560
Deferred inflows related to OPEB	105,815	-	105,815
Total deferred inflows of resources	<u>191,375</u>	<u>-</u>	<u>191,375</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,867	712	9,579
Restricted - other	785,576	-	785,576
Unrestricted	(1,165,708)	539,027	(626,681)
<b>TOTAL NET POSITION</b>	<u>\$ (371,265)</u>	<u>\$ 539,739</u>	<u>\$ 168,474</u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>FUNCTIONS/PROGRAMS</b>							
<b>Primary government</b>							
<b>Governmental Activities</b>							
<b>Instructional Services</b>							
Salaries	\$ 937,838	\$ 384,301	\$ 725,713	\$ -	\$ 172,176	\$ -	\$ 172,176
Benefits	218,369	92,862	175,359	-	49,852	-	49,852
Purchased services	226,064	92,635	157,829	-	24,400	-	24,400
Supplies and materials	48,761	19,981	37,732	-	8,952	-	8,952
Other objects	11,308	4,634	8,644	-	1,970	-	1,970
Depreciation	997	-	-	-	(997)	-	(997)
Pension expense (benefit)	(41,686)	-	-	-	41,686	-	41,686
OPEB expense (benefit)	130,654	-	-	-	(130,654)	-	(130,654)
<b>Intergovernmental</b>							
Payments to other governments	134,744	55,214	87,877	-	8,347	-	8,347
<b>Administrative</b>							
On Behalf Payments - State	938,323	-	-	-	(938,323)	-	(938,323)
On-Behalf payments - Local	676,666	-	-	-	(676,666)	-	(676,666)
<b>Total Governmental Activities</b>	<b>3,282,038</b>	<b>649,627</b>	<b>1,193,154</b>	<b>-</b>	<b>(1,439,257)</b>	<b>-</b>	<b>(1,439,257)</b>
<b>Business-type Activities</b>							
Professional development	328,293	322,689	-	-	-	(5,604)	(5,604)
<b>Total Business-type Activities</b>	<b>328,293</b>	<b>322,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,604)</b>	<b>(5,604)</b>
<b>Total Primary Government</b>	<b>\$ 3,610,331</b>	<b>\$ 972,316</b>	<b>\$ 1,193,154</b>	<b>\$ -</b>	<b>(1,439,257)</b>	<b>(5,604)</b>	<b>(1,444,861)</b>
<b>General Revenues</b>							
Interest					8,301	2,531	10,832
On-behalf payments - State					938,323	-	938,323
On-behalf payments - Local					676,666	-	676,666
<b>Total General Revenues</b>					<b>1,623,290</b>	<b>2,531</b>	<b>1,625,821</b>
<b>Change in net position</b>					<b>184,033</b>	<b>(3,073)</b>	<b>180,960</b>
<b>Net position - beginning-restated (see Note 1)</b>					<b>(555,298)</b>	<b>542,812</b>	<b>(12,486)</b>
<b>Net position - ending</b>					<b>\$ (371,265)</b>	<b>\$ 539,739</b>	<b>\$ 168,474</b>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2018

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 255,934	\$ 162,414	\$ 103,400	\$ 95,919	\$ -	\$ 617,667
Certificates of deposit	283,802	-	389,526	-	-	673,328
Due from other funds	20,214	-	-	-	-	20,214
Accounts receivable	-	-	-	174	-	174
Due from ISBE	-	22,349	-	-	-	22,349
Due from other governments	13,512	74,661	-	500	-	88,673
<b>TOTAL ASSETS</b>	<u>573,462</u>	<u>259,424</u>	<u>492,926</u>	<u>96,593</u>	<u>-</u>	<u>1,422,405</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 573,462</u>	<u>\$ 259,424</u>	<u>\$ 492,926</u>	<u>\$ 96,593</u>	<u>\$ -</u>	<u>\$ 1,422,405</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 755	\$ 3,528	\$ -	\$ 179	\$ -	\$ 4,462
Accrued expenses	67,809	22,699	-	-	-	90,508
Due to other funds	-	28,271	-	-	-	28,271
Due to other governments	15,272	9,690	-	-	-	24,962
<b>TOTAL LIABILITIES</b>	<u>83,836</u>	<u>64,188</u>	<u>-</u>	<u>179</u>	<u>-</u>	<u>148,203</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	196,453	492,926	96,414	-	785,793
Assigned	489,626	-	-	-	-	489,626
Unassigned	-	(1,217)	-	-	-	(1,217)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>489,626</u>	<u>195,236</u>	<u>492,926</u>	<u>96,414</u>	<u>-</u>	<u>1,274,202</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 573,462</u>	<u>\$ 259,424</u>	<u>\$ 492,926</u>	<u>\$ 96,593</u>	<u>\$ -</u>	<u>\$ 1,422,405</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

**EXHIBIT D**

Total fund balances - governmental funds	\$	1,274,202	
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		8,867	
Security deposits represents payment deferred in the current period and therefore, are not reported in the governmental funds.		1,000	
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:			
Deferred outflows of resources related to pensions	\$	35,570	
Deferred inflows of resources related to pensions		(85,560)	
Deferred outflows of resources related to OPEB		42,135	
Deferred inflows of resources related to OPEB		<u>(105,815)</u>	(113,670)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.			
Compensated absences			(38,190)
Net pension liability			(113,742)
Net OPEB liability			<u>(1,389,732)</u>
Net position of governmental activities	\$		<u><u>(371,265)</u></u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**EXHIBIT E**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Federal sources	\$ -	\$ 272,168	\$ -	\$ -	\$ 272,168
State sources	362,551	601,986	-	1,782	966,319
Local sources	523,839	81,750	106,745	19,044	731,378
Interest income	3,225	629	3,961	486	8,301
On-behalf payments - State	285,335	-	-	-	285,335
On-behalf payments - Local	676,666	-	-	-	676,666
Total revenues	<u>1,851,616</u>	<u>956,533</u>	<u>110,706</u>	<u>21,312</u>	<u>2,940,167</u>
<b>EXPENDITURES</b>					
Instructional services					
Salaries	538,592	394,846	-	4,400	937,838
Benefits	130,230	88,714	-	783	219,727
Pension	3,354	3,535	-	-	6,889
Purchased services	37,052	157,020	22,101	9,891	226,064
Supplies and materials	11,366	35,142	-	2,253	48,761
Other objects	11,170	-	138	-	11,308
On-behalf payments - State	285,335	-	-	-	285,335
On-behalf payments - local	676,666	-	-	-	676,666
Intergovernmental					
Payments to other governments	-	113,564	21,180	-	134,744
Capital outlay	-	8,660	-	-	8,660
Total expenditures	<u>1,693,765</u>	<u>801,481</u>	<u>43,419</u>	<u>17,327</u>	<u>2,555,992</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	157,851	155,052	67,287	3,985	384,175
<b>OTHER FINANCING SOURCES</b>					
Transfers in (out)	1,000	-	(1,000)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	158,851	155,052	66,287	3,985	384,175
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>330,775</u>	<u>40,184</u>	<u>426,639</u>	<u>92,429</u>	<u>890,027</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 489,626</u>	<u>\$ 195,236</u>	<u>\$ 492,926</u>	<u>\$ 96,414</u>	<u>\$ 1,274,202</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
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**

**EXHIBIT F**

Net change in fund balances		\$ 384,175
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred inflows of resources in the governmental funds:</p>		
Prior year unavailable revenue		(127,084)
<p>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.</p>		
Capital outlay	\$ 8,660	
Depreciation expense	<u>(997)</u>	7,663
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(4,852)
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
Pension contribution	\$ 6,889	
Cost of benefits earned, net	<u>41,686</u>	48,575
<p>Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.</p>		
OPEB contribution	6,210	
Cost of benefits earned, net	<u>(130,654)</u>	(124,444)
Change in net position of governmental activities		<u>\$ 184,033</u>

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



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

**EXHIBIT G**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>ROE Administrative</b>	<b>SIP-Enterprise Workshop</b>	<b>Nonmajor Fund</b>	<b>Total</b>
			<b>Technology Hub Fees</b>	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 277,884	\$ 82,819	\$ 45,432	\$ 406,135
Accounts receivable	27,402	100	-	27,502
Due from other funds	7,057	-	1,000	8,057
Due from other governments	11,366	550	250	12,166
Prepaid lease	-	95,000	-	95,000
Total current assets	<u>323,709</u>	<u>178,469</u>	<u>46,682</u>	<u>548,860</u>
Noncurrent assets				
Capital assets, net	-	-	712	712
Total Assets	<u>323,709</u>	<u>178,469</u>	<u>47,394</u>	<u>549,572</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,262	327	968	2,557
Accrued expenses	1,068	-	1,767	2,835
Due to other governments	4,441	-	-	4,441
Total Liabilities	<u>6,771</u>	<u>327</u>	<u>2,735</u>	<u>9,833</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	712	712
Unrestricted	<u>316,938</u>	<u>178,142</u>	<u>43,947</u>	<u>539,027</u>
<b>TOTAL NET POSITION</b>	<u>\$ 316,938</u>	<u>\$ 178,142</u>	<u>\$ 44,659</u>	<u>\$ 539,739</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**EXHIBIT H**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>ROE Administrative</b>	<b>SIP-Enterprise Workshop</b>	<b>Nonmajor Fund</b>	<b>Total</b>
			<b>Technology Hub Fees</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 283,912	\$ 25,227	\$ 13,550	\$ 322,689
<b>OPERATING EXPENSES</b>				
Salaries	16,532	13	78,444	94,989
Benefits	1,350	676	10,018	12,044
Purchased services	148,247	24,791	4,420	177,458
Supplies and materials	5,056	10,082	1,983	17,121
Other objects	2,771	750	-	3,521
Depreciation	-	-	1,160	1,160
Payment to other governments	22,000	-	-	22,000
Total operating expenses	<u>195,956</u>	<u>36,312</u>	<u>96,025</u>	<u>328,293</u>
<b>OPERATING INCOME (LOSS)</b>	<u>87,956</u>	<u>(11,085)</u>	<u>(82,475)</u>	<u>(5,604)</u>
<b>NONOPERATING REVENUES</b>				
Interest	1,214	922	395	2,531
Total nonoperating revenues (expenses)	<u>1,214</u>	<u>922</u>	<u>395</u>	<u>2,531</u>
<b>CHANGE IN NET POSITION</b>	89,170	(10,163)	(82,080)	(3,073)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>227,768</u>	<u>188,305</u>	<u>126,739</u>	<u>542,812</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 316,938</u>	<u>\$ 178,142</u>	<u>\$ 44,659</u>	<u>\$ 539,739</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**EXHIBIT I**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>ROE Administration</b>	<b>SIP- Enterprise Workshop</b>	<b>Nonmajor Fund Technology Hub Fees</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 250,620	\$ 26,102	\$ 13,300	\$ 290,022
Payments to suppliers and providers of goods and services	(177,277)	(131,481)	(5,435)	(314,193)
Payments to employees	(16,814)	(692)	(86,695)	(104,201)
Net cash provided by (used for) operating activities	<u>56,529</u>	<u>(106,071)</u>	<u>(78,830)</u>	<u>(128,372)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
(Increase) decrease in interfund borrowings	129,809	-	36,163	165,972
Cash transfers (to) from other funds	-	-	-	-
Cash provided by (used for) noncapital financing activities	<u>129,809</u>	<u>-</u>	<u>36,163</u>	<u>165,972</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>				
Sale of certificates of deposit	-	100,465	-	100,465
Interest income	1,214	922	395	2,531
Cash provided by (used for) investing activity	<u>1,214</u>	<u>101,387</u>	<u>395</u>	<u>102,996</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	187,552	(4,684)	(42,272)	140,596
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>90,332</u>	<u>87,503</u>	<u>87,704</u>	<u>265,539</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 277,884</u>	<u>\$ 82,819</u>	<u>\$ 45,432</u>	<u>\$ 406,135</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 87,956	\$ (11,085)	\$ (82,475)	\$ (5,604)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	1,160	1,160
Effects of changes in assets and liabilities:				
Accounts receivable	(24,446)	(100)	-	(24,546)
Due from other governments	(8,846)	975	(250)	(8,121)
Prepaid lease	-	(95,000)	-	(95,000)
Accounts payable	211	(850)	968	329
Accrued expenses	1,068	(3)	1,767	2,832
Due to other governments	586	(8)	-	578
Net cash provided by (used for) operating activities	<u>\$ 56,529</u>	<u>\$ (106,071)</u>	<u>\$ (78,830)</u>	<u>\$ (128,372)</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2018**

**EXHIBIT J**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
<b>TOTAL ASSETS</b>	<u>\$ -</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ -
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<u>\$ -</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education No. 41 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the Regional Office of Education No. 41 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenditures and identifies the note disclosure and RSI reporting requirements for other postemployment benefits (OPEB) other than pensions. The implementation of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of GASB Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Regional Office of Education No. 41.

Prior Period Adjustment

Due to the changes in the accounting principles described above, beginning net position as of June 30, 2017 has been decreased by \$883,066 for governmental activities from \$327,768 to \$(555,298). The decrease represents a restatement of net position due to the prior year OPEB liability.

A. Date of Management's Review

Management has evaluated subsequent events through July 31, 2019, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education No. 41 encompasses Madison County. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education No. 41 and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105.

The Regional Superintendent is charged with the 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 teachers' 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 returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Financial Reporting Entity (Concluded)**

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 41's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report 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 to carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's 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 the Regional Superintendent's control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2018, the Regional Office of Education No. 41 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 No. 41. Such activities are reported as a single major fund (Education Fund).

**C. Scope of Reporting Entity**

The Regional Office of Education No. 41's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 41 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in the financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 41 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 No. 41 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education No. 41 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education No. 41 being considered a component unit of the entity.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the non-fiduciary activities of the Regional Office of Education No. 41. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely, to a significant extent, on fees and charges for services.

The Statement of Net Position and the Statement of Activities are presented on an “economic resources” measurement focus prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 41’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, 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 to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

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

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 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 the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

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

E. Proprietary Fund Financial Statements

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Proprietary Fund Financial Statements (Concluded)

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

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

F. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., when both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Regional Office of Education No. 41 considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 other long-term obligations, which are recognized when paid.

G. Measurement Focus and Basis of Accounting

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



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Measurement Focus and Basis of Accounting (Concluded)

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 position) 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 position. 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 Madison County Regional Office of Education No. 41; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. 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 No. 41 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 resources available to finance the program. It is Regional Office of Education No. 41's policy to first apply restricted funds, then unrestricted resources as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education No. 41 uses funds to maintain its financial records during the year. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Regional Office of Education No. 41 uses governmental, proprietary, and fiduciary funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 41 are typically reported. Reporting for governmental funds focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as a fund balance.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*Governmental Funds (Continued)*

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows of resources), liabilities (including 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 (including deferred outflows of resources), liabilities (including 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 No. 41 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 41 reports the following major governmental funds:

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

ROE Administrative - Accounts for monies received for, and payment of, expenditures associated with the operations of the Regional Office of Education No. 41's general administrative activities.

Evidence Based Funding (formerly called General State Aid) - Accounts for monies received for, and payment of, expenditures for regional learning academy supplements.

Lighthouse Educational Assistance Program (LEAP) - Accounts for tuition monies received for, and payment of, expenditures for the administration of an educational facility within a drug rehabilitation center.

ETC Day Program - Accounts for tuition fees received from school districts used for providing special education and therapeutic services to behaviorally disordered and emotionally disturbed students under the Educational Therapy Center (ETC).

ETC Unemployment Reserve - Accounts for local monies received and accumulated to be used to defray unemployment and related expenses in case the ETC cease to exist.

Suspension Temporary Option Program - Accounts for monies received for the administration of the Suspension Temporary Option Program (STOP) serving students in the Collinsville, Highland, and Troy school districts.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*Governmental Funds (Continued)*

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

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

Truants Alternative and Optional Education Project - Accounts for grant monies received for, and payment of, expenditures for the truancy prevention program including monitoring of truant students.

Vocational Adjustment Counselor - Accounts for grant monies received for, and payment of, expenditures to provide rehabilitation counseling for individuals in secondary work experience and resource materials for families and educators of children who are transitioning from school to post secondary activities.

Regional Safe Schools - Accounts for grant monies received for, and payment of, expenditures to provide alternative school program for at-risk students. The program also provides placement for students who are suspended and/or are ineligible.

Foundational Service Grant - Accounts for grant monies received for, and payment of, expenditures to provide implementation of Common Core English Language Arts (ELA) and Math, the adoption of a Continuous Improvement Planning process, preparation for Balanced Assessments, and incorporation of teacher evaluation for school districts.

SIUE Teacher Training Grant - Accounts for grant monies received for, and payment of, expenditures to provide teacher training for school districts.

McKinney-Vento Homeless Children - Accounts for grant monies received for, and payment of, expenditures associated with counseling and educational support to homeless children and their families.

ETC Lunch Account Program - Accounts for State monies received for, and payment of, expenditures for providing free and reduced priced meals to students under the Educational Therapy Center (ETC).

NSLP Equipment Assistance Grant - Accounts for grant monies received for, and payment of, expenditures to purchase food service equipment.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*Governmental Funds (Concluded)*

Technology Hub - Accounts for monies received for, and payment of, expenditures for the Technology for Success grant. The program provides a coordinated, State-wide support infrastructure which assists school districts in planning, implementing, assessing results, and educating school staff in the use of technology and telecommunications in curricular, instructional, and administrative functions.

School Improvement - Accounts for grant monies received for, and payment of, expenditures for the ROE/ISC Operations grant, as well as transactions associated with the operations of the Regional Office of Education No. 41.

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

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

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

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

*Proprietary Funds*

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 41 on a cost reimbursement basis are reported.

Major Proprietary Funds – The Regional Office of Education No. 40 reports the following proprietary funds as major funds:

ROE Administrative - Enterprise - Accounts for monies received for, and payment of, expenditures associated with other miscellaneous enterprise activities of the Regional Office of Education No. 41. This fund also accounts for reimbursements from other funds for general administrative expenses.

School Improvement Plan (SIP) - Enterprise Workshop - Accounts for workshop fees received for, and payment of, expenses related to various trainings conducted by the Regional Office of Education No. 41.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Concluded)

*Proprietary Funds (Concluded)*

Nonmajor Proprietary Funds – The Regional Office of Education No. 41 reports the following nonmajor proprietary fund:

Technology Hub Fees - Accounts for the local monies received for, and payment of, expenditures associated with setting up e-mail addresses, conducting workshops, and helping with the creation of technology plans for the schools in Madison County.

*Fiduciary Funds*

Agency Funds are used to account for assets held by the Regional Office of Education No. 41 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:

Teacher Retirement System (TRS) and Teacher Health Insurance Security (THIS) – Accounts for pension and insurance contributions collected and disbursed to the TRS of the State of Illinois.

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

Non-spendable - the portion of a Governmental Fund's net position that are not available to be spent, either short-term or long-term, in either form or through legal restrictions. There are no accounts presenting a non-spendable fund balance.

Restricted - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Truants Alternative and Optional Education Project, Vocational Adjustment Counselor, and Technology Hub. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

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

Assigned - the portion of a Governmental Fund's net position that denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Evidence Based Funding (formerly called General State Aid), Lighthouse Educational Assistance Program, ETC Day Program, ETC Unemployment Reserve, and Suspension Temporary Option Program.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Governmental Fund Balances (Concluded)

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the ETC Lunch Account Program.

J. Net Position

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

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

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

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

K. Cash and Cash Equivalents

The Regional Office of Education No. 41 considers all cash and all highly liquid investments (including restricted assets) with an original maturity of three months or less from the date of acquisition to be cash equivalents.

L. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

M. Capital Assets

Capital assets, such as equipment, are recorded in the applicable governmental or business- type activity columns in the government-wide financial statements. Expenditures for the acquisition are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The costs of capital assets are recorded as expenditures in the acquiring fund at the time of purchase and any proceeds from sales are recorded as receipts at the time of disposal in the governmental funds' statements for governmental activities.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair value as of the date received. Capital assets are defined by the Regional Office of Education No. 41 as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

M. Capital Assets (Concluded)

The provision for depreciation on fixed assets is provided on a straight-line basis. Estimated useful lives are as follows:

Equipment	5-10 years
Office equipment	3-7 years

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

N. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

O. Estimates

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

P. Compensated Absences

All Regional Office of Education No. 41 employees must use their annual vacation before November 30, and an accrual for this liability as of June 30, 2018 has been provided in the government-wide financial statements.

Accumulated sick pay benefits are available to all full-time employees to use in future years, up to 480 hours. They are eligible to be compensated for these unused sick days after attaining age 55 and employed for eight years. They will be compensated upon retirement only. If terminated, their unused sick days are forfeited. Per GASB Statement No. 16, the Regional Office of Education No. 41 used the vesting method to calculate the necessary accrual. Under this method, the liability is measured based on those that are eligible to receive retirement payments and those who are expected to become eligible in future years.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

P. Compensated Absences (Concluded)

As required by GASB Interpretation 6, the accrual for unused vacation and sick time is reflected when incurred in the government-wide financial statements, and is reflected in the governmental funds only when the liability is expected to be liquidated with expendable available financial resources.

Q. Budgetary Data

The Regional Office of Education No. 41 acts as the administrative agent for certain grant programs that are accounted for within the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Department of Human Services; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Truants Alternative and Optional Education Project, Vocational Adjustment Counselor, Regional Safe Schools, Foundational Service Grant, SIUE Teacher Training Grant, McKinney – Vento Homeless Children, NLSP Equipment Assistance Grant, Technology Hub, and School Improvement.

R. Revenues – Exchange and Non-exchange Transactions

The revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, is recorded on the accrual basis when the exchange takes place. On modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the Regional Office of Education No. 41 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Regional Office of Education No. 41 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the Regional Office of Education No. 41 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

S. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Regional Office of Education No. 41's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 41's OPEB Plan and additions to/deductions from the Regional Office of Education No. 41's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 41's Plan. For this purpose, the Regional Office of Education No. 41's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Regional Office of Education No. 41's investment policy is 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 No. 41's government-wide and fiduciary fund deposits, excluding petty cash of \$500, were \$1,023,302 and \$0, respectively, and the bank balances were \$1,088,488 and \$0, respectively. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2018. At June 30, 2018, \$250,000 of the Regional Office of Education No. 41's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$757,009 was collateralized by securities pledged by the Regional Office of Education No. 41's financial institution in the name of the Regional Office and \$81,479 was invested in the Illinois Money Market Fund.

Investments

The investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2018, the Regional Office of Education No. 41 had investments with carrying and fair values of \$81,479 invested in the Illinois Funds Money Market Fund and \$673,328 invested in certificates of deposit through the Certificate of Deposit Account Registry Service (CDARS) program insured through FDIC.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education No. 41 does not have a formal deposit policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Regional Office of Education No. 41 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

The Regional Office of Education No. 41 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education No. 41 has no investment policy that would further limit its investment choices. As of June 30, 2018, the Regional Office of Education No. 41 was in compliance with these guidelines.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3: PENSION AND RETIREMENT COMMITMENTS**

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

**Plan Description**

The Madison County Regional Office of Education No. 41 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

**Benefits provided**

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

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

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

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

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

**Contributions (Concluded)**

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 41.

**On behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 41. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 41 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 41, and the Regional Office of Education No. 41 recognized revenue and expenditures of \$570,571 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$4,093, and are deferred because they were paid after the June 30, 2017 measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 41, there is a statutory requirement for the Regional Office of Education No. 41 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$79,245 were paid from federal and special trust funds that required employer contributions of \$8,004. 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 No. 41 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2017 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education No. 41 paid no employer ERO contributions to TRS.

The Regional Office of Education No. 41 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education No. 41 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.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

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

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

At June 30, 2018, the Regional Office of Education No. 41 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 Regional Office of Education No. 41. The State's support and total are for disclosure purposes only. The amount recognized by the Regional Office of Education No. 41 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 Regional Office of Education No. 41 were as follows:

Employer's proportionate share of the net pension liability	\$ 113,742
State's proportionate share of the net pension liability associated with the employer	<u>5,797,587</u>
<b>Total</b>	<b><u>\$ 5,911,329</u></b>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education No. 41's proportion of the net pension liability was based on the Regional Office of Education No. 41's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education No. 41's proportion was 0.0001488804 percent, which was an increase of 0.0000353815 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education No. 41 recognized pension expense of \$570,571 and revenue of \$570,571 for support provided by the State. At June 30, 2018, the Regional Office of Education No. 41 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,235	\$ (53)
Net difference between projected and actual earnings on pension plan investments	78	-
Change of assumptions	7,591	(3,268)
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,777	(82,239)
Employer contributions subsequent to the measurement date	<u>6,889</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 35,570</u></b>	<b><u>\$ (85,560)</u></b>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

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

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

\$6,889 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education No. 41 as a reduction of their net pension liabilities 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:

<b>Year Ending June 30,</b>	
2019	\$ (50,227)
2020	(8,715)
2021	(819)
2022	2,306
2023	576
<b>Total</b>	<b>\$ (56,879)</b>

**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:

<b>Inflation</b>	2.50 percent
<b>Salary increases</b>	Varies by amount of service credit
<b>Investment rate of return</b>	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:

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONTINUED)**

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

**Actuarial assumptions (Concluded)**

<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%	5.44%
Commodities (real return)	11%	4.28%
Hedge funds (absolute return)	8%	4.16%
Private equity	14%	10.63%
<b>Total</b>	<b>100%</b>	

**Discount rate**

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

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

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 II were not sufficient to cover all projected benefit payments.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3: PENSION AND RETIREMENT COMMITMENTS (CONCLUDED)**

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

**Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education No. 41's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Regional Office of Education No. 41'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.

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Employer's proportionate share of the net pension liability	\$ 139,747	\$ 113,742	\$ 92,442

**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*.

B. Illinois Municipal Retirement Fund

There are other non-certified employees paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government. Retirement contributions for non-certified employees made by Madison County to the Illinois Municipal Retirement Fund (IMRF) during the fiscal year 2018 amounted to \$48,212. This amount is included in the local on-behalf revenue and related expense. Moreover, GASB Statement No. 68 in relation to IMRF is not applicable to Regional Office of Education No. 41 since the Madison County bears the cost of salaries, benefits and the payment of future pension liabilities of these non-certified employees.

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS**

A. Defined Benefit Plan – Madison County Health Plan

**Plan Description.** The Regional Office of Education No. 41 employees are covered by the Madison County (the County) health insurance plan. The County provides postemployment health care for eligible retired employees and their dependents through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the County and can be amended by the County Board through its personnel manual and union contracts. An irrevocable trust has not been established by the County to account for the plan and accordingly the plan is not accounted for as a trust fund. The plan does not issue a separate report.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

A. Defined Benefit Plan – Madison County Health Plan (Continued)

**Benefits Provided.** The Regional Office of Education No. 41 provides postemployment health care for eligible retired employees and their dependents through the County. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage with the County by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services; mental, nervous, and substance abuse care; vision care, dental care; and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the County and is the basis for the OPEB obligation accounted for under GASB Statement No. 45. The Regional Office of Education No. 41 reimburses the County for health insurance coverage for active non-administrative ROE No. 41 employees. These non-administrative employees are classified under “Other Education” below.

**Membership.** At November 30, 2017 (the County’s fiscal year end), membership consisted of:

	<b>Education Admin</b>	<b>Other Education</b>	<b>Total</b>
Active participants	10	14	24
Retired participants	1	2	3
<b>Total</b>	11	16	27

**Funding Policy.** The County negotiates the contribution percentages between the County and employees through the union contracts and the personnel policy. The Regional Office of Education No. 41 employees follow these contracts and policies. All retirees contribute 100% of the blended premium to the plan and the County contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body’s annual required contribution, but does not require funding of the related liability.

**Annual OPEB Cost and Net OPEB Obligation.** The Regional Office of Education No. 41’s annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

**Trend Data.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

A. Defined Benefit Plan – Madison County Health Plan (Continued)

**Components of Net OPEB Obligation and Expense**

	Amount as of 11/30/2017		
	Education Admin	Other Education	Total
Annual Required Contribution	\$ 32,480	\$ 40,587	\$ 73,067
Interest on Net OPEB Obligation	5,633	14,432	20,065
Adjustment to Annual Required Contribution	(7,354)	(18,842)	(26,196)
Annual OPEB Cost (Expense)	30,759	36,177	66,936
Contributions Made	(2,486)	(5,062)	(7,548)
Increase in Net OPEB Obligation	28,273	31,115	59,388
Net OPEB Obligation – Beginning of Year	125,182	320,720	445,902
Net OPEB Obligation – End of Year	\$ 153,455	\$ 351,835	\$ 505,290

**Schedule of Contributions, OPEB Costs and Net Obligations**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
11/30/2017	\$ 66,936	\$ 11.3%	\$ 505,290

***Funded Status and Funding Progress.*** As of November 30, 2017 (the County’s fiscal year end), the actuarial accrued liability for benefits was \$613,758. The covered payroll was \$1,081,439 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 56.8%.

***Actuarial Method and Assumptions.*** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended November 30, 2017, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.5% initially, reduced to an ultimate rate of 4.5% after eight years. Rates include a 3.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

A. Defined Benefit Plan – Madison County Health Plan (Concluded)

**Schedule of Funded Status and Funding Progress**

	Education Admin	Other Education	Total
Actuarial Accrued Liability	\$ 251,253	\$ 362,505	\$ 613,758
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 251,253	\$ 362,505	\$ 613,758
Funded Ratio	0%	0%	0%
Covered Payroll (Active Plan Members)	\$ 483,778	\$ 597,661	\$ 1,081,439
UAAL as a % of Covered Payroll	51.9%	60.7%	56.8%

B. Teachers' Health Insurance Security Fund

**THIS Plan Description**

The Regional Office of Education No. 41 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.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

B. Teachers' Health Insurance Security Fund (Continued)

**On-behalf contributions to the THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 41. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education No. 41 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education No. 41, and recognized revenue and expenditures of \$82,417 in OPEB contributions from the State of Illinois.

**Employer contributions to the THIS Fund**

The Regional Office of Education No. 41 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 41 paid \$6,210 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office of Education No. 41 paid \$6,593 and \$6,064 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Further information on the THIS Fund**

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

**Actuarial Assumptions**

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

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

B. Teachers' Health Insurance Security Fund (Continued)

**Actuarial Assumptions (Concluded)**

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

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

**Single Discount Rate**

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

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

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

The following presents the Regional Office of Education No. 41's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<b>1% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
Employer's proportionate share of the collective net OPEB liability	\$ 1,061,229	\$ 884,442	\$ 742,839

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

B. Teachers' Health Insurance Security Fund (Continued)

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

The following table shows the Regional Office of Education No. 41's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<u>1% Decrease<sup>a</sup></u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase<sup>b</sup></u>
Employer's proportionate share of the collective net OPEB liability	\$ 713,770	\$ 884,442	\$ 1,129,216

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

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

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

At June 30, 2018, the Regional Office of Education No. 41 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 41. The amount recognized by the Regional Office of Education No. 41 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 41 were as follow:

Employer's proportionate share of the net OPEB liability	\$ 884,442
State's proportionate share of the net OPEB liability associated with the employer	<u>1,161,462</u>
<b>Total</b>	<b><u>\$ 2,045,904</u></b>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016, and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 41's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 41's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 41, actuarially determined. At June 30, 2017, the Regional Office of Education No. 41's proportion was 0.003408 percent, which was an increase of 0.000153 from its proportion measured as of June 30, 2016 (0.003255 percent). The State's support and total are for disclosure purposes only.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)**

B. Teachers' Health Insurance Security Fund (Concluded)

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

For the year ending June 30, 2018, the Regional Office of Education No. 41 recognized OPEB expense of \$82,417 and revenue of \$82,417 for support provided by the State. For the year ending June 30, 2017, the Regional Office of Education No. 41 recognized OPEB expense of \$71,259. At June 30, 2018, the Regional Office of Education No. 41 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (501)
Change of assumptions	-	(105,304)
Net difference between projected and actual earnings on OPEB plan investments	-	(10)
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,925	-
Employer contributions subsequent to the measurement date	6,210	-
<b>Total</b>	<b>\$ 42,135</b>	<b>\$ (105,815)</b>

\$6,210 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 41 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 41's OPEB expense as follows:

<b>Year Ending June 30,</b>			
2019	\$	(10,737)	
2020		(10,737)	
2021		(10,737)	
2022		(10,737)	
2023		(10,734)	
Thereafter		(16,208)	
<b>Total</b>	<b>\$</b>	<b>(69,890)</b>	

**THIS Fiduciary Net Position**

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5: INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2018, amounts due from (to) other funds consist of the following:

Fund	Due From Other Funds	Due To Other Funds
Proprietary Fund – ROE Administrative	\$ 7,057	\$ -
Proprietary Fund – Technology Hub Fees	1,000	
General Fund – Evidence Based Funding	20,214	-
Education Fund – Truant Alternative and Optional Education	-	2,708
Education Fund – Vocational Adjustment Counselor	-	2,500
Education Fund – Foundation Services Grant	-	9,873
Education Fund – McKinney Vento	-	8,635
Education Fund – NSLP Equipment Grant	-	4,555
Total	<u>\$ 28,271</u>	<u>\$ 28,271</u>

The amount due to the two proprietary funds from the Education Fund resulted from interfund borrowing to cover short-term cash deficit. The amount due to the general fund resulted from interfund borrowing to cover short-term cash deficit.

**NOTE 6: INTERFUND TRANSFERS**

The composition of interfund transfers during the year ended June 30, 2018 is as follows:

Fund	Transfer In	Transfer Out
General Fund – Evidence Based Funding	\$ 1,000	\$ -
Governmental Fund – Institute Fund	-	1,000
General Fund – ETC Day Program	1,921	-
General Fund – ETC Unemployment Reserve	-	1,921
Total	<u>\$ 2,921</u>	<u>\$ 2,921</u>

During the year ended June 30, 2018, the Regional Office of Education No. 41 made an interfund transfer to move a portion of unrestricted funds to finance various operating expenditures accounted for in another fund.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7: DUE FROM (TO) OTHER GOVERNMENTS**

The Regional Office of Education No. 41's General Fund, Special Revenue Funds, and Proprietary Funds have funds due to and due from various governmental units which consist of the following:

Due from Other Governments:	
Illinois State Board of Education	\$ 22,349
Illinois Department of Human Services	41,641
Local school districts	24,112
Other governmental units	35,086
Total	\$ 123,188
Due to Other Governments:	
Illinois State Board of Education	\$ 9,690
Madison County government	15,272
Other governmental units	4,441
Total	\$ 29,403

**NOTE 8: CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2018 are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Funds				
Total Capital Assets	\$ 275,527	\$ 18,669	\$ 52,046	\$ 242,150
Less: Accumulated Depreciation	274,323	11,006	52,046	233,283
Governmental Funds				
Investment in Capital Assets, Net	\$ 1,204	\$ 7,663	\$ -	\$ 8,867
Proprietary Funds				
Total Capital Assets	\$ 26,790	\$ -	\$ 20,528	\$ 6,262
Less: Accumulated Depreciation	24,918	1,160	20,528	5,550
Proprietary Funds				
Investment in Capital Assets, Net	\$ 1,872	\$ (1,160)	\$ -	\$ 712
Total				
Investment in Capital Assets, Net	\$ 3,076	\$ 6,503	\$ -	\$ 9,579

Depreciation expense for the year ended June 30, 2018 amounted to \$997 was accounted for in the instructional services function under governmental activities. For the business-type activities, depreciation expense of \$1,160 was charged to Technology Hub Fees. Capital Assets and Accumulated Depreciation of \$10,009 was transferred from the Proprietary Funds to the Governmental Funds during fiscal year 2018.



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9: LONG-TERM LIABILITIES**

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

	July 1, 2017	Additions	Deletions	June 30, 2018
Net OPEB liability-THIS	\$ 889,659	\$ 58,463	\$ 63,680	\$ 884,442
Net OPEB liability-Madison County	445,902	61,874	2,486	505,290
Total net OPEB liability	<u>1,335,561</u>	<u>120,337</u>	<u>66,166</u>	<u>1,389,732</u>
Net pension liability-TRS	89,592	24,150	-	113,742
Compensated absences	33,338	5,903	1,051	38,190
Total noncurrent liabilities	<u>\$ 1,458,491</u>	<u>\$ 150,390</u>	<u>\$ 67,217</u>	<u>\$ 1,541,664</u>

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

In the normal course of operations, the Regional Office of Education No. 41 receives grant funds from various federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Significant losses are covered by the commercial insurance for all major programs: property, liability, and workman's compensation. During the year ended June 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past four years.

**NOTE 11: ON-BEHALF PAYMENTS**

The State of Illinois paid the following salaries of the Regional Superintendent and the Assistant Regional Superintendent and contributions on-behalf of the Regional Office of Education No. 41. In addition, a significant portion of the operating expenditures of the Regional Office of Education No. 41 are paid by Madison County, Illinois, in accordance with the statutes. The breakdown of the State and County on-behalf payments for the year ended June 30, 2018 is as follows:

State of Illinois	
Regional Superintendent salary	\$ 115,176
Regional Superintendent benefits (includes State paid insurance)	33,603
Assistant Regional Superintendent salary	103,656
Assistant Regional Superintendent benefits (includes State paid insurance)	32,900
	<u>285,335</u>
ROE No. 41's share of TRS pension expense	570,571
ROE No. 41's share of THIS OPEB expense	82,417
Total State of Illinois	<u>938,323</u>
Madison County	
Salaries of office workers paid by the Madison County	484,039
Rent of office space	31,680
Consulting services	4,350
Madison County's share in health insurance contributions	73,096
Madison County's share in retirement contributions	83,501
Total Madison County	<u>676,666</u>
Total On-Behalf	<u>\$ 1,614,989</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11: ON-BEHALF PAYMENTS (CONCLUDED)**

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

The Regional Office of Education No. 41 also recorded \$570,571 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 \$82,417 in revenue and expenses as on-behalf payments from the THIS fund for the Regional Office’s share of the OPEB expense in the Statement of Activities. In addition, the Regional Office of Education No. 41 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Superintendent.

**NOTE 12: DEFICIT FUND BALANCE**

The Education Fund’s ETC Lunch Account Program has a deficit fund balance totaling \$1,217, as of June 30, 2018.

The above deficit fund balances are expected to be reversed in the next fiscal year through receipts from State and local sources. The deficit balance is due to the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of current fiscal period.

**NOTE 13: OPERATING LEASE**

The Regional Office of Education No. 41 is committed under a lease agreement for an office space for the Regional Office of Education No. 41’s GED testing program located in Granite City, Illinois. The lease agreement is considered an operating lease for accounting purposes.

The lease agreement for the office space has a term of 29 months beginning March 1, 2013, and ending on July 31, 2015, with an option for bi-annual renewals. On August 1, 2015, August 1, 2017, and November 1, 2017 the option to renew for two years was exercised. This lease will expire on July 31, 2020. The lease is payable in \$1,200 monthly payments for July 2017 through July 2018, and \$1,400 monthly payments from August, 2018, through July, 2020, and a \$1,000 security deposit. Lease expense for the year ended FY 2018, amounted to \$14,400.

The minimum future rental payments for each of the next applicable years under the non-cancelable school facility lease are:

2019	\$	16,600
2020		16,800
2021 and thereafter		<u>1,400</u>
		<u>\$ 34,800</u>

The Madison County Regional Office of Education No. 41 (ROE #41) is committed under a lease agreement with the Mannie Jackson Center for Humanities Foundation (“MJCH”) for office space for the ROE #41’s School Improvement Program (SIP). MJCH leases the office space. The office space is located at 1310 North Main Street in Edwardsville, Illinois. The lease was effective on December 1, 2017, and expires on November 30, 2027. In FY 2018, ROE No. 41 paid \$100,000 for the ten year lease. The \$100,000 was recorded in the ROE #41 FY 2018 financial statements as \$5,000 rent expense, with a prepaid rent balance of \$95,000 on June 30, 2018.

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability**  
**Teachers' Retirement System of the State of Illinois - Unaudited**  
**For the Year Ended June 30, 2018†**

	FY2017†	FY2016†	FY2015†	FY2014†
Employer's proportion of the net pension liability	0.0001488804%	0.0001134989%	0.0001740343%	0.0002005597%
Employer's proportionate share of the net pension liability	\$ 113,742	\$ 89,592	\$ 114,010	\$ 120,456
State's proportionate share of the net pension liability associated with the Employer	5,797,587	6,015,310	5,242,315	5,954,588
<b>Total</b>	<b>\$ 5,911,329</b>	<b>\$ 6,104,902</b>	<b>\$ 5,356,325</b>	<b>\$ 6,075,044</b>
Employer's covered payroll	\$ 784,844	\$ 758,044	\$ 809,619	\$ 1,018,810
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	14.49%	11.82%	14.08%	11.82%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	36.40%	41.50%	43.00%

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

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

**Schedule of Employer Contributions**  
**Teachers' Retirement System of the State of Illinois - Unaudited**  
**For the Year Ended June 30, 2018**

	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 6,889	\$ 5,404	\$ 4,397	\$ 6,018	\$ 6,641
Contributions in relation to the statutorily-required contribution	6,889	5,404	4,397	6,018	7,061
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (420)
Employer's covered payroll	\$ 705,698	\$ 784,844	\$ 758,044	\$ 809,619	\$ 1,018,810
Contributions as a percentage of covered payroll	0.98%	0.69%	0.58%	0.74%	0.69%

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

**Notes to Required Supplementary Information**

**Changes of assumptions**

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

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

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**Schedule of the Employer's Proportionate Share of the Net OPEB Liability  
Teachers' Health Insurance Security Fund - *Unaudited*  
For the Year Ended June 30, 2018**

	<b>FY2017*</b>	<b>FY2016*</b>
Employer's proportion of the net OPEB liability (asset)	0.003408%	0.003255%
Employer's proportionate share of the net OPEB liability (asset)	\$ 884,442	\$ 889,659
Employer's covered payroll	\$ 784,844	\$ 758,044
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	112.7%	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.*

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

**Schedule of Employer Contributions  
Teachers' Health Insurance Security Fund - *Unaudited*  
For the Year Ended June 30, 2018**

	<b>FY2018</b>	<b>FY2017</b>	<b>FY2016</b>
Statutorily-required contribution	\$ 6,210	\$ 6,593	\$ 6,064
Contributions in relation to the statutorily-required contribution	6,210	6,593	6,064
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 705,698	\$ 784,844	\$ 758,044
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

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

**Notes to Required Supplementary Information**

***Changes of Benefit Terms***

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

***Changes of assumptions***

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**Postemployment Benefits Other Than Pensions - *Unaudited***  
**Schedule of Funding Progress**  
**June 30, 2018**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
11/30/2017	\$ -	\$ 613,758	\$ 613,758	0%	\$ 1,081,439	56.75%
11/30/2016	\$ -	\$ 554,032	\$ 554,032	0%	\$ 1,044,868	53.02%
11/30/2015	\$ -	\$ 527,685	\$ 527,685	0%	\$ 1,359,870	38.80%
11/30/2014	\$ -	\$ 717,733	\$ 717,733	0%	\$ 1,620,978	44.28%
11/30/2013	\$ -	\$ 666,940	\$ 666,940	0%	\$ 1,566,163	42.58%
11/30/2012	\$ -	\$ 776,084	\$ 776,084	0%	\$ 1,694,625	45.80%
11/30/2011	\$ -	\$ 728,190	\$ 728,190	0%	\$ 1,637,319	44.47%
11/30/2010	\$ -	\$ 605,341	\$ 605,341	0%	\$ 1,875,787	32.27%
11/30/2009	\$ -	\$ 554,500	\$ 554,500	0%	\$ 1,812,355	30.60%

**SUPPLEMENTARY INFORMATION**

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2018

SCHEDULE 1

	<u>ROE Administrative</u>	<u>Evidence Based Funding</u>	<u>Lighthouse Educational Assistance Program</u>	<u>ETC Day Program</u>	<u>ETC Unemployment Reserve</u>	<u>Suspension Temporary Option Program</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 47,996	\$ 9,708	\$ 177,070	\$ -	\$ 21,160	\$ 255,934
Certificates of deposit	-	-	101,358	-	182,444	-	283,802
Due from other funds	-	20,214	-	-	-	-	20,214
Due from other governments	-	-	8,970	4,542	-	-	13,512
<b>TOTAL ASSETS</b>	<b>-</b>	<b>68,210</b>	<b>120,036</b>	<b>181,612</b>	<b>182,444</b>	<b>21,160</b>	<b>573,462</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 68,210</b>	<b>\$ 120,036</b>	<b>\$ 181,612</b>	<b>\$ 182,444</b>	<b>\$ 21,160</b>	<b>\$ 573,462</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 286	\$ -	\$ 469	\$ -	\$ -	\$ 755
Accrued expenses	-	31,560	12,825	18,249	-	5,175	67,809
Due to other governments units	-	7,831	2,455	4,350	-	636	15,272
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>39,677</b>	<b>15,280</b>	<b>23,068</b>	<b>-</b>	<b>5,811</b>	<b>83,836</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>							
Assigned	-	28,533	104,756	158,544	182,444	15,349	489,626
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>28,533</b>	<b>104,756</b>	<b>158,544</b>	<b>182,444</b>	<b>15,349</b>	<b>489,626</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 68,210</b>	<b>\$ 120,036</b>	<b>\$ 181,612</b>	<b>\$ 182,444</b>	<b>\$ 21,160</b>	<b>\$ 573,462</b>



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 2**

	<b>ROE Administrative</b>	<b>Evidence Based Funding</b>	<b>Lighthouse Educational Assistance Program</b>	<b>ETC Day Program</b>	<b>ETC Unemployment Reserve</b>	<b>Suspension Temporary Option Program</b>	<b>Total</b>
<b>REVENUES</b>							
State sources	\$ -	\$ 362,551	\$ -	\$ -	\$ -	\$ -	\$ 362,551
Local sources	-	542	133,460	335,063	-	54,774	523,839
Interest income	-	257	940	410	1,606	12	3,225
On-behalf payments - State	285,335	-	-	-	-	-	285,335
On-behalf payments - Local	655,732	10,258	4,396	6,280	-	-	676,666
Total revenues	941,067	373,608	138,796	341,753	1,606	54,786	1,851,616
<b>EXPENDITURES</b>							
Salaries	-	257,721	108,246	146,892	-	25,733	538,592
Benefits	-	55,203	29,128	39,715	-	6,184	130,230
Pension	-	1,739	686	675	-	254	3,354
Purchased services	-	14,519	7,764	12,839	-	1,930	37,052
Supplies and materials	-	6,091	1,492	3,439	-	344	11,366
Other objects	-	-	10,920	250	-	-	11,170
On-behalf payments - State	285,335	-	-	-	-	-	285,335
On-behalf payments - Local	655,732	10,258	4,396	6,280	-	-	676,666
Total expenditures	941,067	345,531	162,632	210,090	-	34,445	1,693,765
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>							
	-	28,077	(23,836)	131,663	1,606	20,341	157,851
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer In(Out)		1,000	-	1,921	(1,921)	-	1,000
<b>NET CHANGE IN FUND BALANCES</b>							
	-	29,077	(23,836)	133,584	(315)	20,341	158,851
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>							
	-	(544)	128,592	24,960	182,759	(4,992)	330,775
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>							
	\$ -	\$ 28,533	\$ 104,756	\$ 158,544	\$ 182,444	\$ 15,349	\$ 489,626

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2018

SCHEDULE 3

	<b>Truants Alternative and Optional Education Project</b>	<b>Vocational Adjustment Counselor</b>	<b>Regional Safe Schools</b>	<b>Foundational Service Grant</b>	<b>SIUE Teacher Training Grant</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 146,715	\$ 2,060	\$ -	\$ -
Due from ISBE	4,361	129	13,235	-	-
Due from other governments	-	56,149	-	9,873	-
<b>TOTAL ASSETS</b>	<u>4,361</u>	<u>202,993</u>	<u>15,295</u>	<u>9,873</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,361</u>	<u>\$ 202,993</u>	<u>\$ 15,295</u>	<u>\$ 9,873</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 765	\$ -	\$ -
Accrued expenses	1,528	4,253	14,529	-	-
Due to other funds	2,708	2,500	-	9,873	-
Due to other governments	74	-	1	-	-
<b>TOTAL LIABILITIES</b>	<u>4,310</u>	<u>6,753</u>	<u>15,295</u>	<u>9,873</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	51	196,240	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>51</u>	<u>196,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 4,361</u>	<u>\$ 202,993</u>	<u>\$ 15,295</u>	<u>\$ 9,873</u>	<u>\$ -</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2018

SCHEDULE 3

	McKinney - Vento Homeless Children	ETC Lunch Account Program	NSLP Equipment Assistance Grant	Technology Hub	School Improvement	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 1,477	\$ -	\$ 174	\$ 11,988	\$ 162,414
Due from ISBE	-	69	4,555	-	-	22,349
Due from other governments	8,639	-	-	-	-	74,661
<b>TOTAL ASSETS</b>	<u>8,639</u>	<u>1,546</u>	<u>4,555</u>	<u>174</u>	<u>11,988</u>	<u>259,424</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 8,639</u>	<u>\$ 1,546</u>	<u>\$ 4,555</u>	<u>\$ 174</u>	<u>\$ 11,988</u>	<u>\$ 259,424</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 2,763	\$ -	\$ -	\$ -	\$ 3,528
Accrued expenses	4	-	-	-	2,385	22,699
Due to other funds	8,635	-	4,555	-	-	28,271
Due to other governments	-	-	-	12	9,603	9,690
<b>TOTAL LIABILITIES</b>	<u>8,639</u>	<u>2,763</u>	<u>4,555</u>	<u>12</u>	<u>11,988</u>	<u>64,188</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	-	-	162	-	196,453
Unassigned	-	(1,217)	-	-	-	(1,217)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>(1,217)</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>195,236</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 8,639</u>	<u>\$ 1,546</u>	<u>\$ 4,555</u>	<u>\$ 174</u>	<u>\$ 11,988</u>	<u>\$ 259,424</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 4**

	<b>Truants Alternative and Optional Education Project</b>	<b>Vocational Adjustment Counselor</b>	<b>Regional Safe Schools</b>	<b>Foundational Service Grant</b>	<b>SIUE Teacher Training Grant</b>
<b>REVENUES</b>					
Federal sources	\$ -	\$ -	\$ -	\$ 58,191	\$ 113,400
State sources	61,236	152,071	198,073	-	-
Local sources	-	80,359	-	-	-
Interest income	-	583	-	-	37
Total revenues	<u>61,236</u>	<u>233,013</u>	<u>198,073</u>	<u>58,191</u>	<u>113,437</u>
<b>EXPENDITURES</b>					
Instructional services					
Salaries	33,041	145,171	106,594	14,022	7,382
Benefits	5,466	35,447	21,631	1,049	565
Pension	249	664	734	-	-
Purchased services	4,375	13,529	2,631	31,575	490
Supplies and materials	414	1,498	765	2,981	-
Intergovernmental					
Payments to other governments	-	-	-	8,564	105,000
Capital outlay	-	-	-	-	-
Total expenditures	<u>43,545</u>	<u>196,309</u>	<u>132,355</u>	<u>58,191</u>	<u>113,437</u>
<b>NET CHANGE IN FUND BALANCES</b>	17,691	36,704	65,718	-	-
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>	<u>(17,640)</u>	<u>159,536</u>	<u>(65,718)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>	<u>\$ 51</u>	<u>\$ 196,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 4**

	<b>McKinney - Vento Homeless Children</b>	<b>ETC Lunch Account Program</b>	<b>NSLP Equipment Assistance Grant</b>	<b>Technology Hub</b>	<b>School Improvement</b>	<b>Total</b>
<b>REVENUES</b>						
Federal sources	\$ 58,526	\$ 34,073	\$ 7,978	\$ -	\$ -	\$ 272,168
State sources	-	600	-	40,311	149,695	601,986
Local sources	-	1,391	-	-	-	81,750
Interest income	-	9	-	-	-	629
Total revenues	<u>58,526</u>	<u>36,073</u>	<u>7,978</u>	<u>40,311</u>	<u>149,695</u>	<u>956,533</u>
<b>EXPENDITURES</b>						
Instructional services						
Salaries	31,299	-	-	1,578	55,759	394,846
Benefits	5,384	-	-	33	19,139	88,714
Pension	1,875	-	-	13	-	3,535
Purchased services	6,218	39,139	-	-	59,063	157,020
Supplies and materials	13,750	-	-	-	15,734	35,142
Intergovernmental						
Payments to other governments	-	-	-	-	-	113,564
Capital outlay	-	682	7,978	-	-	8,660
Total expenditures	<u>58,526</u>	<u>39,821</u>	<u>7,978</u>	<u>1,624</u>	<u>149,695</u>	<u>801,481</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(3,748)	-	38,687	-	155,052
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>	-	2,531	-	(38,525)	-	40,184
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>	<u>\$ -</u>	<u>\$ (1,217)</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 195,236</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 5**

	Truants Alternative and Optional Education Project			Vocational Adjustment Counselor			Regional Safe Schools		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Final		Original	Final		Original	Final	
<b>REVENUES</b>									
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	43,594	43,594	61,236	152,569	152,569	152,071	132,355	132,355	198,073
Local sources	-	-	-	80,000	80,000	80,359	-	-	-
Interest income	-	-	-	-	-	583	-	-	-
Total revenues	<u>43,594</u>	<u>43,594</u>	<u>61,236</u>	<u>232,569</u>	<u>232,569</u>	<u>233,013</u>	<u>132,355</u>	<u>132,355</u>	<u>198,073</u>
<b>EXPENDITURES</b>									
Instructional services									
Salaries	37,710	32,316	33,041	145,506	147,248	145,171	105,940	106,489	106,594
Benefits	1,068	6,457	5,466	41,864	39,126	35,447	22,463	22,516	21,631
Pension	-	-	249	17,392	6,376	664	-	-	734
Purchased services	4,816	4,450	4,375	14,500	14,500	13,529	2,627	2,631	2,631
Supplies and materials	-	371	414	3,000	3,000	1,498	1,325	719	765
Capital expenditures	-	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-	-
Intergovernmental									
Payments to other governments	-	-	-	-	-	-	-	-	-
Total expenditures	<u>43,594</u>	<u>43,594</u>	<u>43,545</u>	<u>222,262</u>	<u>210,250</u>	<u>196,309</u>	<u>132,355</u>	<u>132,355</u>	<u>132,355</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	17,691	<u>\$ 10,307</u>	<u>\$ 22,319</u>	36,704	<u>\$ -</u>	<u>\$ -</u>	65,718
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>			(17,640)			159,536			(65,718)
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>			<u>\$ 51</u>			<u>\$ 196,240</u>			<u>\$ -</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 5  
 (CONTINUED)**

	Foundational Service Grant			SIUE Teacher Taining Grant			McKinney-Vento Homeless Children		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Final		Original	Final		Original	Final	
<b>REVENUES</b>									
Federal sources	\$ 95,000	\$ 70,000	\$ 58,191	\$ 135,000	\$ 113,400	\$ 113,400	\$ 63,771	\$ 65,771	\$ 58,526
State sources	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	37	-	-	-
Total revenues	<u>95,000</u>	<u>70,000</u>	<u>58,191</u>	<u>135,000</u>	<u>113,400</u>	<u>113,437</u>	<u>63,771</u>	<u>65,771</u>	<u>58,526</u>
<b>EXPENDITURES</b>									
Instructional services									
Salaries	11,286	11,706	14,022	-	-	7,382	38,497	35,000	31,299
Benefits	864	889	1,049	-	-	565	10,375	8,771	5,384
Pension	-	-	-	-	-	-	-	-	1,875
Purchased services	64,525	49,080	31,575	-	-	490	6,251	7,800	6,218
Supplies and materials	2,375	2,375	2,981	-	-	-	8,648	14,200	13,750
Capital expenditures	-	-	-	-	-	-	-	-	-
Other objects	-	-	-	10,000	8,400	-	-	-	-
Intergovernmental									
Payments to other governments	15,950	5,950	8,564	125,000	105,000	105,000	-	-	-
Total expenditures	<u>95,000</u>	<u>70,000</u>	<u>58,191</u>	<u>135,000</u>	<u>113,400</u>	<u>113,437</u>	<u>63,771</u>	<u>65,771</u>	<u>58,526</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>	-		<u>-</u>			<u>-</u>			<u>-</u>
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>			<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 5  
 (CONTINUED)**

	<u>NLSP Equipment Assistance Grant</u>			<u>Technology Hub</u>			<u>School Improvement</u>		
	<u>Budgeted Amounts</u>		<u>Acctual Accounts</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>									
Federal sources	\$ 7,978	\$ 7,978	\$ 7,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	40,311	151,635	159,211	149,695
Local sources	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Total revenues	<u>7,978</u>	<u>7,978</u>	<u>7,978</u>	<u>-</u>	<u>-</u>	<u>40,311</u>	<u>151,635</u>	<u>159,211</u>	<u>149,695</u>
<b>EXPENDITURES</b>									
Instructional services									
Salaries	-	-	-	-	-	1,578	48,336	58,000	55,759
Benefits	-	-	-	-	-	33	14,020	18,635	19,139
Pension	-	-	-	-	-	13	-	-	-
Purchased services	-	-	-	-	-	-	67,564	66,576	59,063
Supplies and materials	-	-	-	-	-	-	21,715	16,000	15,734
Capital expenditures	7,978	7,978	7,978	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-	-
Intergovernmental									
Payments to other governments	-	-	-	-	-	-	-	-	-
Total expenditures	<u>7,978</u>	<u>7,978</u>	<u>7,978</u>	<u>-</u>	<u>-</u>	<u>1,624</u>	<u>151,635</u>	<u>159,211</u>	<u>149,695</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>38,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>			<u>-</u>			<u>(38,525)</u>			<u>-</u>
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>			<u>\$ -</u>			<u>\$ 162</u>			<u>\$ -</u>



**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 5  
 (CONCLUDED)**

	<b>Total</b>		
	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>
<b>REVENUES</b>			
Federal sources	\$ 301,749	\$ 257,149	\$ 238,095
State sources	480,153	487,729	601,386
Local sources	80,000	80,000	80,359
Interest income	-	-	620
Total revenues	<u>861,902</u>	<u>824,878</u>	<u>920,460</u>
<b>EXPENDITURES</b>			
Instructional services			
Salaries	387,275	390,759	394,846
Benefits	90,654	96,394	88,714
Pension	17,392	6,376	3,535
Purchased services	160,283	145,037	117,881
Supplies and materials	37,063	36,665	35,142
Capital expenditures	7,978	7,978	7,978
Other objects	10,000	8,400	-
Intergovernmental			
Payments to other governments	140,950	110,950	113,564
Total expenditures	<u>851,595</u>	<u>802,559</u>	<u>761,660</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 10,307</u>	<u>\$ 22,319</u>	158,800
<b>FUND BALANCES (DEFICITS), BEGINNING OF YEAR</b>			<u>37,653</u>
<b>FUND BALANCES (DEFICITS), END OF YEAR</b>			<u>\$ 196,453</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

**SCHEDULE 6**

	<b>General Education Development</b>	<b>Bus Driver Training</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 43,104	\$ 52,815	\$ 95,919
Accounts receivable	174	-	174
Due from other governments	-	500	500
<b>TOTAL ASSETS</b>	<b>43,278</b>	<b>53,315</b>	<b>96,593</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 43,278</b>	<b>\$ 53,315</b>	<b>\$ 96,593</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 179	\$ 179
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>179</b>	<b>179</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>FUND BALANCES</b>			
Restricted	43,278	53,136	96,414
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 43,278</b>	<b>\$ 53,315</b>	<b>\$ 96,593</b>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE 7**

	<b>General Education Development</b>	<b>Bus Driver Training</b>	<b>Total</b>
<b>REVENUES</b>			
State sources	\$ -	\$ 1,782	\$ 1,782
Local sources	10,654	8,390	19,044
Interest income	218	268	486
Total revenues	<u>10,872</u>	<u>10,440</u>	<u>21,312</u>
<b>EXPENDITURES</b>			
Salaries	-	4,400	4,400
Benefits	-	783	783
Purchased services	9,356	535	9,891
Supplies and materials	2,009	244	2,253
Total expenditures	<u>11,365</u>	<u>5,962</u>	<u>17,327</u>
<b>NET CHANGE IN FUND BALANCES</b>	(493)	4,478	3,985
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>43,771</u>	<u>48,658</u>	<u>92,429</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 43,278</u>	<u>\$ 53,136</u>	<u>\$ 96,414</u>

FIDUCIARY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b>TRS &amp; THIS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 72,041	\$ 72,041	\$ -
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 72,041</u>	<u>\$ 72,041</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 72,041	\$ 72,041	\$ -
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 72,041</u>	<u>\$ 72,041</u>	<u>\$ -</u>