

**STATE OF ILLINOIS  
HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33**

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

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
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HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Ms. Jodi Scott

Assistant Regional Superintendent  
(Current and During the Audit Period)

Ms. Lori Loving

Offices are located at:

105 North E Street  
Monmouth, Illinois 61462

121 S. Prairie Street  
Galesburg, IL 61401

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	2
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
2018-001	11a	Controls over Financial Statement Preparation	Material Weakness
2018-002	11c	Inadequate Internal Control Procedures	Material Weakness
2018-003	11e	Monitoring Capital Assets	Material Weakness
2018-004	11f	Delay of Audit	Compliance
2018-005	11h	Uncollateralized Deposits	Significant Deficiency

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

None

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on November 8, 2018, with Jodi Scott, Regional Superintendent; Julie Lant, Bookkeeper; and Tami Knight, Kemper CPA Group. Responses to the recommendations were provided by Jodi Scott, Regional Superintendent on February 27, 2019.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, 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 Matters**

As disclosed in Note 1 in the notes to the financial statements, the Regional Office of Education No. 33 adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

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

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

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 March 21, 2019 on our consideration of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 to solely 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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
March 21, 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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control. Accordingly, we do not express an opinion on the effectiveness of Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies described in the accompanying Schedule of Findings and Responses as items 2018-001, 2018-002, and 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2018-005 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-004.

#### Regional Office of Education #33's Responses to Findings

Henderson/Knox/Mercer/Warren Regional Office of Education #33's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
March 21, 2019

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements in accordance with GAAP**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeat of Finding 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #33 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred inflows and outflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires governments to record and present net accrued other postemployment benefit liabilities/assets, deferred inflows and outflows of resources, and other postemployment benefit expenses.

**Condition:**

During review of the financial information prepared by the Regional Office of Education #33, auditors noted the following:

- The Regional Office of Education #33 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeat of Finding 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1 (Concluded))**

**Condition (Concluded):**

- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension or OPEB liability/asset, deferred outflows and inflows of resources, and pension or OPEB expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

Lack of funding to secure the appropriate expertise to properly prepare full financial statements in FY18 or to provide the appropriate training to in house personnel.

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #33 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office's management attempted to hire a firm to prepare the GAAP financial statements as required, these prepared statements were inadequate for the audit. The Regional Office of Education has formed an agreement with another accounting firm for future preparation of financial statements.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-002 – Inadequate Internal Control Procedures (Repeat of Finding 17-002 and 16-002)**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

**Condition:**

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. No documented evidence of independent review of completed bank reconciliations.
- B. During testing of transactions, we noted two instances where the Regional Office paid sales tax in the amount of \$19.16.
- C. The Regional Safe School grant’s first quarter expenditure report was filed seventeen days late.
- D. One instance was noted of the Regional Office incurring a late fee and interest charges on a credit card statement in the amount of \$400.61.

**Effect:**

Lack of sufficient internal controls over the financial processes of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**Cause:**

According to ROE Officials, the Regional Office of Education #33 has not established or documented sufficient internal control procedures.

**Auditor’s Recommendation:**

- A. The Regional Office should have an individual, independent of the general ledger processes, review the bank reconciliation to ensure timely completion and agreement to the general ledger. This review should be documented.
- B. The Regional Office should develop internal controls to ensure sales tax is not paid.
- C. The Regional Office should develop internal controls to ensure expenditure reports are submitted by the grantors due date.
- D. The Regional Office should ensure all credit card statements are paid timely to avoid the late fees and interest.



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-002 – Inadequate Internal Control Procedures (Repeat of Finding 17-002 and 16-002) (Concluded)**

**Management’s Response:**

The Regional Office agrees with the auditor’s recommendations. In addition, the Regional Office has already corrected many of the internal control issues noted and continues to work on improving controls over our financial processes.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-003 – Inadequate Controls Over Capital Assets**

**Criteria/Specific Requirement:**

The *Regional Office of Education (ROE) Accounting Manual* requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Generally accepted accounting principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include: the inventory control number (tag number); major asset class; function and activity; reference to the acquisition source document; acquisition date; vendor; a short description of the asset; unit charged with custody; location; fund and account from which purchased; method of acquisition; estimated useful life and method of depreciation; estimated salvage value; and date, method, and authorization of disposition.

In addition, sound internal controls require that policies and procedures on fixed assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

**Condition:**

The Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 did not have adequate controls over fixed assets.

The equipment listing provided by the Regional Office was inaccurate and incomplete. Auditors noted the following in tests of fixed assets:

- A. The Regional Office does not maintain accurate individual department capital asset listings or an aggregated capital asset listing for all departments.
- B. The Regional Office does not consistently tag all assets with asset tags or take a periodic inventory of assets to ensure the assets are present.
- C. Current year supplies purchases in the amount of \$441 were recorded by the Regional Office as capital outlay.
- D. Capital asset purchases in the amount of \$7,155 were incorrectly recorded to supplies and purchased services and were omitted from the Regional Office's asset listings.

**Effect:**

An incomplete or inaccurate schedule of capital assets does not allow the Regional Office to inventory and monitor its capital assets, which may result in unexpected losses. In addition, the Regional Office is not able to accurately calculate depreciation expense over the assets' estimated useful lives.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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SCHEDULE OF FINDINGS AND RESPONSES  
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**Finding No. 2018-003 – Inadequate Controls Over Capital Assets (Concluded)**

**Cause:**

According to ROE Officials, maintenance of the capital asset schedule is decentralized by departments. The schedules are updated by multiple personnel, which makes it difficult for the Regional Office to ensure the schedules are complete and updated timely. No periodic inventory of assets is completed.

**Auditor's Recommendation:**

The Regional Office of Education #33 should adhere to the ROE Accounting Manual fixed asset policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

The Regional Office of Education #33 should assign responsibility to one individual to ensure that the capital assets are tagged, schedules are regularly maintained, and current year activity is periodically reconciled to the capital asset listing. An inventory count should be taken periodically and compared to the items on the capital asset list, and significant differences investigated. The fixed asset listing should be completed to include all the details required by the ROE Accounting Manual.

**Management's Response:**

The Regional Office of Education #33 has assigned responsibility to one individual to ensure that the capital assets are tagged, maintained, and reviewed. A periodic check will be conducted. The listing will include all the details required by the ROE Accounting Manual.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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SCHEDULE OF FINDINGS AND RESPONSES  
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FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-004 – Delay of Audit**

**Criteria/Specific Requirement:**

Regional Office of Education #33 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30<sup>th</sup> of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

**Condition:**

The Regional Office of Education #33 did not provide completed financial statements in an auditable form by the August 31 deadline. Financial records provided were not prepared on an accrual basis in accordance with GAAP.

Auditors noted the following deficiencies in the records provided by the ROE:

- A. The initial trial balance provided by the Regional Office was not fully adjusted. The Regional Office provided journal entries made by their contractor late the first day of fieldwork, November 5, 2018, however, several additional material journal entries were required to adjust the balances to be recorded in accordance with GAAP.
- B. A complete draft of the GAAP financial statements with all required disclosures was not provided.
- C. The Regional Office did not receive a timely or accurate OPEB actuary valuation from the firm hired to do the valuation.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-004 – Delay of Audit (Concluded)**

**Effect:**

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

**Cause:**

The Regional Office contracted with an accounting firm too late in the year and were unable to provide essential audit items in a timely manner.

**Auditor's Recommendation:**

The Regional Office of Education #33 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**Management's Response:**

The Regional Office of Education has formed an agreement with an outside accounting firm to prepare annual financial statements.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding No. 2018-005 – Uncollateralized Deposits**

**Criteria/Specific Requirement:**

The Regional Office of Education #33 is required to follow the Illinois Public Funds Investment Act (30 ILCS 235/6 (d)) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institution's trust departments in the Regional Office of Education #33's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office of Education #33 be adequately covered by depository insurance or collateral.

**Condition:**

The Regional Office of Education #33 did not obtain sufficient collateral for its deposits at one of the financial institutions utilized by the Regional Office. As of June 30, 2018 the Regional Office had deposits of \$420,717 that were uncollateralized.

**Effect:**

Failure to secure full collateral on cash and investment balances may result in monetary losses to the Regional Office of Education #33 in the event the financial institution failed.

**Cause:**

According to ROE Officials, collateralization of deposits in excess of FDIC insurance and pledged collateral was due to a significant drop in the value of the pledged collateral over the course of the fiscal year without the financial institution taking corrective action.

**Auditor's Recommendation:**

The Regional Office of Education #33 should monitor pledged collateral and instruct the financial institution to ensure the value of collateral remains adequate for the balance of the Regional Office's accounts according to the agreement in place.

**Management's Response:**

The Regional Office of Education will monitor pledged collateral and instruct the financial institution to ensure the value of collateral remains adequate for the balances of accounts.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Corrective Action Plan**

**Finding No. 2018-001 – Controls over Financial Statement Preparation (Repeat of Finding 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Condition:**

During review of the financial information prepared by the Regional Office of Education #33, auditors noted the following:

- The Regional Office of Education #33 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension or OPEB liability/asset, deferred outflows and inflows of resources, and pension or OPEB expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

**Plan:**

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office has formed an agreement with an accounting firm for future preparation of financial statements.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Corrective Action Plan (Continued)**

**Finding No. 2018-002 – Inadequate Internal Control Procedures (Repeat of Finding 17-002 and 16-002)**

**Condition:**

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. No documented evidence of independent review of completed bank reconciliations.
- B. During testing of transactions, we noted two instances where the Regional Office paid sales tax in the amount of \$19.16.
- C. The Regional Safe School grant’s first quarter expenditure report was filed seventeen days late.
- D. One instance was noted of the Regional Office incurring a late fee and interest charges on a credit card statement in the amount of \$400.61.

**Plan:**

- A. The Regional Office will have an individual, independent of the general ledger processes, review the bank reconciliation to ensure timely completion and agreement to the general ledger. This review will be documented.
- B. The Regional Office will develop internal controls to ensure sales tax is not paid.
- C. The Regional Office will develop internal controls to ensure expenditure reports are submitted by the grantors due date.
- D. The Regional Office will ensure all credit card statements are paid timely to avoid the late fees and interest.

**Anticipated Date of Completion:**

Immediately upon learning of the issue.

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Corrective Action Plan (Continued)**

**Finding No. 2018-003 – Inadequate Controls Over Capital Assets**

**Condition:**

The Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 did not have adequate controls over fixed assets.

The equipment listing provided by the Regional Office was inaccurate and incomplete. Auditors noted the following in tests of fixed assets:

- A. The Regional Office does not maintain accurate individual department capital asset listings or an aggregated capital asset listing for all departments.
- B. The Regional Office does not consistently tag all assets with asset tags or take a periodic inventory of assets to ensure the assets are present.
- C. Current year supplies purchases in the amount of \$441 were recorded by the Regional Office as capital outlay.
- D. Capital asset purchases in the amount of \$7,155 were incorrectly recorded to supplies and purchased services and were omitted from the Regional Office's asset listings.

**Plan:**

The Regional Office of Education #33 will adhere to the ROE Accounting Manual fixed asset policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

The Regional Office of Education #33 will assign responsibility to one individual to ensure that the capital assets are tagged, schedules are regularly maintained, and current year activity is periodically reconciled to the capital asset listing. An inventory count will be taken periodically and compared to the items on the capital asset list, and significant differences investigated. The fixed asset listing will be completed to include all the details required by the ROE Accounting Manual.

**Anticipated Date of Completion:**

June 30, 2019

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Corrective Action Plan (Continued)**

**Finding No. 2018-004 – Delay of Audit**

**Condition:**

The Regional Office of Education #33 did not provide completed financial statements in an auditable form by the August 31 deadline. Financial records provided were not prepared on an accrual basis in accordance with GAAP.

Auditors noted the following deficiencies in the records provided by the ROE:

- A. The initial trial balance provided by the Regional Office was not fully adjusted. The Regional Office provided journal entries made by their contractor late the first day of fieldwork, November 5, 2018, however, several additional material journal entries were required to adjust the balances to be recorded in accordance with GAAP.
- B. A complete draft of the GAAP financial statements with all required disclosures was not provided.
- C. The Regional Office did not receive a timely or accurate OPEB actuary valuation from the firm hired to do the valuation.

**Plan:**

The Regional Office of Education #33 will implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP. The Regional Office has formed an agreement with an outside accounting firm to prepare annual financial statements. These financial statements will be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**Anticipated Date of Completion:**

June 30, 2019

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Corrective Action Plan (Concluded)**

**Finding No. 2018-005 – Uncollateralized Deposits**

**Condition:**

The Regional Office of Education #33 did not obtain sufficient collateral for its deposits at one of the financial institutions utilized by the Regional Office. As of June 30, 2018 the Regional Office had deposits of \$420,717 that were uncollateralized.

**Plan:**

The Regional Office of Education #33 will monitor pledged collateral and instruct the financial institution to ensure the value of collateral remains adequate for the balance of the Regional Office's accounts according to the agreement in place.

**Anticipated Date of Completion:**

June 30, 2019

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
JUNE 30, 2018

None.

## BASIC FINANCIAL STATEMENTS

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,747,467	\$ 270,950	\$ 3,018,417
Accounts receivable	263	-	263
Due from other governments:			
Local	138,200	53,750	191,950
State	524,386	-	524,386
Federal	200,791	-	200,791
Total Current Assets	<u>3,611,107</u>	<u>324,700</u>	<u>3,935,807</u>
Noncurrent Assets:			
Capital assets, net of depreciation	63,728	629	64,357
Total Noncurrent Assets	<u>63,728</u>	<u>629</u>	<u>64,357</u>
<b>TOTAL ASSETS</b>	<u>3,674,835</u>	<u>325,329</u>	<u>4,000,164</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	52,599	-	52,599
Deferred outflows related to pensions	825,607	-	825,607
Total deferred outflows of resources	<u>878,206</u>	<u>-</u>	<u>878,206</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	21,257	-	21,257
Accrued expenses	23,470	-	23,470
Due to other governments:			
Local	856,484	-	856,484
Unearned revenue	592,095	-	592,095
Total Current Liabilities	<u>1,493,306</u>	<u>-</u>	<u>1,493,306</u>
Noncurrent Liabilities:			
Net pension liability	723,506	-	723,506
Net OPEB liability	480,212	-	480,212
Total Noncurrent Liabilities	<u>1,203,718</u>	<u>-</u>	<u>1,203,718</u>
<b>TOTAL LIABILITIES</b>	<u>2,697,024</u>	<u>-</u>	<u>2,697,024</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	53,384	-	53,384
Deferred inflows related to pensions	624,057	-	624,057
Total deferred inflows of resources	<u>677,441</u>	<u>-</u>	<u>677,441</u>
<b>NET POSITION</b>			
Net investment in capital assets	63,728	629	64,357
Restricted-other	190,012	-	190,012
Unrestricted	924,836	324,700	1,249,536
<b>TOTAL NET POSITION</b>	<u>\$ 1,178,576</u>	<u>\$ 325,329</u>	<u>\$ 1,503,905</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,119,508	\$ -	\$ 2,372,993	\$ 253,485	\$ -	\$ 253,485
Purchased services	515,689	-	566,363	50,674	-	50,674
Supplies and materials	486,238	-	632,370	146,132	-	146,132
Depreciation expense	12,648	-	-	(12,648)	-	(12,648)
Capital outlay	-	-	36,309	36,309	-	36,309
Pension expense (income)	147,768	-	-	(147,768)	-	(147,768)
OPEB expense	46,191	-	-	(46,191)	-	(46,191)
Intergovernmental:						
Payments to other governments	4,125,046	-	2,948,595	(1,176,451)	-	(1,176,451)
Administrative:						
On-behalf payments - State	573,154	-	-	(573,154)	-	(573,154)
Total Governmental Activities	<u>8,026,242</u>	<u>-</u>	<u>6,556,630</u>	<u>(1,469,612)</u>	<u>-</u>	<u>(1,469,612)</u>
Business-Type Activities:						
Fees for services	91,114	190,474	-	-	99,360	99,360
Total Business-Type Activities	<u>91,114</u>	<u>190,474</u>	<u>-</u>	<u>-</u>	<u>99,360</u>	<u>99,360</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,117,356</u>	<u>\$ 190,474</u>	<u>\$ 6,556,630</u>	<u>(1,469,612)</u>	<u>99,360</u>	<u>(1,370,252)</u>
GENERAL REVENUES:						
Local sources				547,987	-	547,987
State sources				680,398	-	680,398
On-behalf payments - State				573,154	-	573,154
Investment earnings				3,578	-	3,578
Total general revenues				<u>1,805,117</u>	<u>-</u>	<u>1,805,117</u>
CHANGE IN NET POSITION				335,505	99,360	434,865
NET POSITION - BEGINNING (Restated, see Note 15)				<u>843,071</u>	<u>225,969</u>	<u>1,069,040</u>
NET POSITION - ENDING				<u>\$ 1,178,576</u>	<u>\$ 325,329</u>	<u>\$ 1,503,905</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,543,002	\$ 1,045,280	\$ 159,185	\$ -	\$ 2,747,467
Accounts receivable	-	-	263	-	263
Due from other funds	315,271	-	-	(315,271)	-
Due from other governments:					
Local	138,200	-	-	-	138,200
State	-	524,386	-	-	524,386
Federal	-	200,791	-	-	200,791
<b>TOTAL ASSETS</b>	<b>\$ 1,996,473</b>	<b>\$ 1,770,457</b>	<b>\$ 159,448</b>	<b>\$ (315,271)</b>	<b>\$ 3,611,107</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,622	\$ 15,635	\$ -	\$ -	\$ 21,257
Accrued expenses	-	23,470	-	-	23,470
Due to other funds	62,182	253,089	-	(315,271)	-
Due to other governments:					
Local	-	856,484	-	-	856,484
Unearned revenue	-	592,095	-	-	592,095
<b>Total Liabilities</b>	<b>67,804</b>	<b>1,740,773</b>	<b>-</b>	<b>(315,271)</b>	<b>1,493,306</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	30,219	-	-	-	30,219
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	30,564	159,448	-	190,012
Assigned	88,962	-	-	-	88,962
Unassigned	1,809,488	(880)	-	-	1,808,608
<b>Total Fund Balance (Deficit)</b>	<b>1,898,450</b>	<b>29,684</b>	<b>159,448</b>	<b>-</b>	<b>2,087,582</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE</b>	<b>\$ 1,996,473</b>	<b>\$ 1,770,457</b>	<b>\$ 159,448</b>	<b>\$ (315,271)</b>	<b>\$ 3,611,107</b>

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



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2018

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 2,087,582

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. 63,728

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

Current year unavailable revenue 30,219

Pension & 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	\$ 878,206	
Deferred inflows of resources	(677,441)	200,765

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

IMRF net pension liability	\$ (94,158)	
TRS net pension liability	(629,348)	(723,506)

The OPEB obligations resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and, therefore, are not reported in the governmental funds.

(480,212)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,178,576

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 510,233	\$ -	\$ 40,938	\$ -	\$ 551,171
State sources	437,481	6,340,292	1,277	-	6,779,050
Federal sources	-	598,499	-	-	598,499
On-behalf payments - State	280,103	-	-	-	280,103
Investment earnings	3,578	-	-	-	3,578
Total Revenues	<u>1,231,395</u>	<u>6,938,791</u>	<u>42,215</u>	<u>-</u>	<u>8,212,401</u>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	400,936	1,717,222	1,350	-	2,119,508
Pension expense	24,759	127,796	-	-	152,555
OPEB Expense	3,995	-	-	-	3,995
Purchased services	146,782	357,987	10,920	-	515,689
Supplies and materials	22,944	462,597	697	-	486,238
On-behalf payments - State	280,103	-	-	-	280,103
Intergovernmental:					
Payments to other governments	-	4,125,046	-	-	4,125,046
Capital outlay	2,965	33,344	-	-	36,309
Total Expenditures	<u>882,484</u>	<u>6,823,992</u>	<u>12,967</u>	<u>-</u>	<u>7,719,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>348,911</u>	<u>114,799</u>	<u>29,248</u>	<u>-</u>	<u>492,958</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	12,510	-	(12,510)	-
Transfers out	(12,510)	-	-	12,510	-
Total Other Financing Sources (Uses)	<u>(12,510)</u>	<u>12,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	336,401	127,309	29,248	-	492,958
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>1,562,049</u>	<u>(97,625)</u>	<u>130,200</u>	<u>-</u>	<u>1,594,624</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ 1,898,450</u>	<u>\$ 29,684</u>	<u>\$ 159,448</u>	<u>\$ -</u>	<u>\$ 2,087,582</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 492,958

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 36,309	
Depreciation expense	<u>(12,648)</u>	23,661

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

Current year unavailable revenue	\$ 30,219	
Prior year unavailable revenue	<u>(173,924)</u>	(143,705)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension income	\$ 4,787	
OPEB expense	<u>(42,196)</u>	<u>(37,409)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 335,505

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		TOTALS
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 228,397	\$ 42,553	\$ 270,950
Due from other governments:			
Local	53,750	-	53,750
Total current assets	282,147	42,553	324,700
Noncurrent assets:			
Capital assets, being depreciated, net	629	-	629
<b>TOTAL ASSETS</b>	<b>282,776</b>	<b>42,553</b>	<b>325,329</b>
<b>NET POSITION</b>			
Invested in capital assets	629	-	629
Unrestricted	282,147	42,553	324,700
<b>TOTAL NET POSITION</b>	<b>\$ 282,776</b>	<b>\$ 42,553</b>	<b>\$ 325,329</b>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities		TOTALS
	Enterprise Funds		
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
OPERATING REVENUES			
Fees for services	\$ 186,844	\$ 3,630	\$ 190,474
Total Operating Revenues	186,844	3,630	190,474
OPERATING EXPENSES			
Salaries and benefits	27,715	-	27,715
Pension expense	145	-	145
Purchased services	41,294	4,575	45,869
Supplies and materials	1,340	80	1,420
Depreciation	180	-	180
Payment to Other Governments	15,785	-	15,785
Total Operating Expenses	86,459	4,655	91,114
OPERATING INCOME (LOSS)	100,385	(1,025)	99,360
NET POSITION - BEGINNING	182,391	43,578	225,969
NET POSITION - ENDING	\$ 282,776	\$ 42,553	\$ 325,329

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		TOTALS
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 133,094	\$ 3,630	\$ 136,724
Payments to suppliers and providers of goods and services	(58,419)	(4,655)	(63,074)
Payments to employees	(27,860)	-	(27,860)
Net Cash Provided by (used for) Operating Activities	<u>46,815</u>	<u>(1,025)</u>	<u>45,790</u>
Net Increase (Decrease) in Cash and Cash Equivalents	46,815	(1,025)	45,790
Cash and cash equivalents - Beginning	<u>181,582</u>	<u>43,578</u>	<u>225,160</u>
Cash and cash equivalents - Ending	<u>\$ 228,397</u>	<u>\$ 42,553</u>	<u>\$ 270,950</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ 100,385	\$ (1,025)	\$ 99,360
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation	180	-	180
(Increase)/decrease in assets:			
Increase in due from other governments	<u>(53,750)</u>	<u>-</u>	<u>(53,750)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 46,815</u>	<u>\$ (1,025)</u>	<u>\$ 45,790</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2018

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 249
Due from other governments	1,569,209
<b>TOTAL ASSETS</b>	<b>\$ 1,569,458</b>
 <b>LIABILITIES</b>	
Due to other governments	\$ 1,569,458
<b>TOTAL LIABILITIES</b>	<b>\$ 1,569,458</b>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, 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, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33.

A. DATE OF MANAGEMENT’S REVIEW

The Regional Office of Education #33 has evaluated subsequent events through March 21, 2019, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #33’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
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 responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional 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 #33 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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #33 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #33 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 its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #33 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 criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #33 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #33 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #33 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #33's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #33 has three business-type activities that rely on fees and charges for support.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Regional Office of Education #33's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #33 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #33's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual 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 resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #33; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #33 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #33's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #33 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #33 uses governmental, proprietary, and fiduciary funds.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for 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 #33 has presented all major funds that met the above qualifications. The Regional Office of Education #33 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.

General State Aid – Accounts for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Even Start Local – Accounts for local grant monies received for, and payment of, expenditures incurred for the Even Start program.

High Roads Youth Programs – Accounts for local grant monies received for, and payment of, expenditures incurred for the High Roads Youth Programs.

Local Galesburg Community Foundation – Accounts for local grant monies received for, and payment of, expenditures incurred to educate students about the city of Galesburg, and the many opportunities that the community can offer them.

American College Test (ACT) Class – Accounts for the administration of classes to prepare students for the ACT.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

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

Testing Center – Accounts for activity from PearsonVue for various testing.

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

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

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional Safe Schools Cooperative – This program provides support for the individual needs and learning styles of students while focusing on twelve employability skills recognized by adult service agencies.

ROE/ISC Operations – Used to develop and implement a regional improvement plan.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #33 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Truants Alternative Education – To establish and expand program options outside of regular school attendance to prevent students from becoming chronic truants or dropping out of school and to focus on employability skills for those 16-21 years of age.

State Free Lunch and Breakfast – Used to account for grant monies received for, and payment of, expenditures for the State Free Lunch and Breakfast Program.

National School Lunch Program – Used to account for grant monies received for, and payment of, expenditures for the National School Lunch Program.

School Breakfast Program – Used to account for grant monies received for, and payment of, expenditures for the School Breakfast Program.

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

Early Childhood – Monitoring – Accounts for the grant monies received for, and payment of, expenditures incurred for the Early Childhood – Monitoring Grant.

Title IV 21<sup>st</sup> Century Community Learning Centers – Used to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to meet State and local student standards in core academic subjects, to offer students a broad array of enrichment activities that can complement their regular academic programs, and to offer literacy and other educational services to the families of participating children.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
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 (Concluded)

Education Fund (Concluded)

Adult Education and Family Literacy – State Basic – Used to account for grant monies received for, and payment of, expenditures incurred for students in high school, General Educational Development, and computer classes with high reading levels.

Adult Education and Family Literacy – State Performance – Used to account for grant monies for formula-driven rewards for successful completion of the program.

Adult Education and Family Literacy – Public Assistance – Used to account for grant monies received from the Department of Human Services for expenditures incurred for educational services given for students on public assistance.

Adult Education and Family Literacy – Pilot Grant – Used to account for grant monies received for, and payment, of expenditures to offer basic English language instruction through ESL classes for adult community members, whose primary language is not English.

Federal Adult Education – Basic – Used to account for federal grant monies received for, and payment of, education and literacy for adults.



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

The Regional Office of Education #33 reports the following nonmajor special revenue funds:

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees for teaching licenses and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #33 reports the following major proprietary fund:

Professional Development – Consortium – Used to account for monies from a joint effort between the Regional Office of Education #33 and Regional Office of Education #26 to provide professional development courses to district teachers in the respective Regional Office's regions.

The Regional Office of Education #33 reports the following nonmajor proprietary fund.

Staff Development – Used to account for local revenues and disbursements related to the development of staff.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #33 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:

School Facility Occupation Tax – Accounts for the assets held by the Regional Office of Education #33 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are distributed to the school districts.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #33 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education Fund accounts’ fund balances are restricted by donor restrictions, grant agreements, or contracts: Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, National School Lunch Program, School Breakfast Program, Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), and Adult Education and Family Literacy – Pilot Grant. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #33 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #33 has assigned fund balances in the following General Fund accounts: Even Start Local, High Roads Youth Programs, Local Galesburg Community Foundation, American College Test (ACT) Class, Criminal Background Investigation, and Testing Center.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #33 has unassigned fund balances in the following General Fund accounts: General Operations and General State Aid. The following Education Fund accounts also have unassigned fund balances: State Free Lunch and Breakfast.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION

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

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

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

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

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education #33 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 5 days for full-time employees during the first year, 10 days for full-time staff after 2 years, 15 days for full-time staff after 8 years, and 20 days for full-time staff after 12 years of continuous service. Vacation may not be taken in more than two weeks without prior approval. Employees may not carry forward any vacation time. Employees will also not be compensated for any unused vacation days.

Eligible employees receive up to 14 sick days annually that can accumulate to 360 days total for TRS employees and 221 days for IMRF employees. Upon resignation or dismissal, the ROE will not pay for unused sick time. Employees may use two of their sick days for personal business.

N. ESTIMATES

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

O. BUDGET INFORMATION

The Regional Office of Education #33 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney Education for Homeless Children, Title II – Teacher Leadership, Regional Safe Schools, Regional Safe Schools Cooperative, ROE/ISC Operations, Title I – Foundational Services, Truants Alternative Education, Early Childhood Block Grant (3705-1R), Early Childhood Block Grant (3705-RX), Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), Early Childhood – Monitoring, Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), Title IV 21<sup>st</sup> Century Community Learning Center (4421-15), Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance and Federal Adult Education – Basic.

P. 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 or OPEB expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES  
(Concluded)

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

Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

For purposes of measuring the Regional Office of Education #33'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 #33's OPEB Plan, and additions to/deductions from the Regional Office of Education #33's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #33's Plan. For this purpose, the Regional Office of Education #33's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education #33's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #33 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

A. DEPOSITS

At June 30, 2018, the carrying amount of the Regional Office of Education #33's government-wide and agency fund deposits were \$3,018,417 and \$249, respectively, and the bank balances were \$3,189,345 and \$265, respectively. Of the total bank balances as of June 30, 2018, \$419,691 was secured by federal depository insurance, \$2,215,933 was collateralized by securities pledged by the Regional Office of Education #33's financial institution on behalf of the Regional Office, and \$133,269 was invested in the Illinois Funds Money Market Fund. The Regional Office was uncollateralized by \$420,717.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #33 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #33's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2018, the Regional Office of Education #33 had investments with carrying value of \$133,269 in the Illinois Funds Money Market Fund.

CREDIT RISK

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

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2018 are summarized as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within one year
Governmental activities:					
Net pension liability	\$ 1,045,765	\$ -	\$ 322,259	\$ 723,506	\$ -
Net OPEB liability	442,124	38,088	-	480,212	-
Total	<u>\$ 1,487,889</u>	<u>\$ 38,088</u>	<u>\$ 322,259</u>	<u>\$ 1,203,718</u>	<u>\$ -</u>

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NOTE 4 – DEFINED BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #33’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #33’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the following “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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

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

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

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	6
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	35
<b>Total</b>	<b>54</b>

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

**Contributions**

As set by statute, the Regional Office of Education #33's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #33's annual contribution rate for calendar year 2017 was 10.63%. For the fiscal year ended June 30, 2018, the Regional Office of Education #33 contributed \$126,866 to the plan. The Regional Office of Education #33 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education #33's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.



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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

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

**Single Discount Rate**

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

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

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

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2016</b>	\$ 1,621,980	\$ 1,406,359	\$ 215,621
<b>Changes for the year:</b>			
Service Cost	64,823	-	64,823
Interest on the Total Pension Liability	122,450	-	122,450
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	122,934	-	122,934
Changes of Assumptions	(49,511)	-	(49,511)
Contributions - Employer	-	113,522	(113,522)
Contributions - Employees	-	48,057	(48,057)
Net Investment Income	-	221,779	(221,779)
Benefit Payments, including Refunds of Employee Contributions	(43,443)	(43,443)	-
Other (Net Transfer)	-	(1,199)	1,199
<b>Net Changes</b>	<b>217,253</b>	<b>338,716</b>	<b>(121,463)</b>
<b>Balances at December 31, 2017</b>	<b>\$ 1,839,233</b>	<b>\$ 1,745,075</b>	<b>\$ 94,158</b>

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

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

	<b>1% Lower 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net pension liability/(asset)</b>	\$ 360,672	\$ 94,158	\$ (126,498)

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

For the year ending June 30, 2018, the Regional Office of Education #33 recognized pension expense of \$80,969. At June 30, 2018, the Regional Office of Education #33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 145,387	\$ 46,075
Changes of assumptions	-	49,511
Net difference between projected and actual earnings on pension plan investments	<u>81,518</u>	<u>40,855</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>226,905</u>	<u>136,441</u>
Pension Contributions made subsequent to the Measurement Date	<u>67,122</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 294,027</u></u>	<u><u>\$ 136,441</u></u>

\$67,122 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2019	\$ 56,104
2020	33,082
2021	461
2022	(10,088)
Thereafter	<u>10,905</u>
Total	<u><u>\$ 90,464</u></u>

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #33 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.

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

**Benefits provided**

TRS provides retirement, disability, and death benefits. Tier 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 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #33.

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #33. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #33 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #33, and the Regional Office of Education #33 recognized revenue and expenditures of \$273,436 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$2,650, 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 #33, there is a statutory requirement for the Regional Office of Education #33 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 \$136,679 were paid from federal and special trust funds that required employer contributions of \$13,805, but \$23,184 were remitted and 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 #33 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education #33 paid no employer ERO contributions.

The Regional Office of Education #33 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 #33 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 allotment.

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

At June 30, 2018, the Regional Office of Education #33 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 629,348
State’s proportionate share of the net pension liability associated with the employer	<u>2,555,161</u>
<b>Total</b>	<b><u>\$ 3,184,509</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 #33’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education #33’s proportion was .0008237739 percent, which was a decrease of .1043428961 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education #33 recognized pension expense of \$251,467 and revenue of \$251,467 for support provided by the State. For the year ended June 30, 2018, the ROE recognized pension expense of \$66,944. At June 30, 2018, the Regional Office of Education #33 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	\$ 6,835	\$ 290
Net difference between projected and actual earnings on pension plan investments	432	-
Changes of assumptions	42,004	18,085
Changes in proportion and differences between employer contributions and proportionate share of contributions	456,475	469,240
Employer contributions subsequent to the measurement date	25,834	-
<b>Total</b>	<b>\$ 531,580</b>	<b>\$ 487,615</b>

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

\$25,834 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 12,934
2020	2,712
2021	32,045
2022	(24,748)
2023	(4,811)
	<u>\$ 18,132</u>

**Actuarial assumptions**

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

<b>Inflation</b>	2.50 percent
<b>Salary Increase</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:

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

**Discount Rate**

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

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

**Sensitivity of the Regional Office of Education #33’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #33’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.



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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

	<b>1% Decrease</b> (6.00%)	<b>Current Discount Rate</b> (7.00%)	<b>1% Increase</b> (8.00%)
Employer's proportionate share of the net pension liability	\$ 773,236	\$ 629,348	\$ 511,492

**TRS fiduciary net position**

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

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

**THIS Plan Description**

The Regional Office of Education #33 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.

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NOTE 6 – 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 #33. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #33 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education #33, and recognized revenue and expenditures of \$41,584 in OPEB contributions from the State of Illinois.

**Employer contributions to the THIS Fund**

The Regional Office of Education #33 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 #33 paid \$3,995 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 #33 paid \$3,201 and \$2,775 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.

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NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

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

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

**Single Discount Rate**

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

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

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

The following presents the Regional Office of Education #33’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 <u>(2.56%)</u></b>	<b>Current Discount Rate <u>(3.56%)</u></b>	<b>1% Increase <u>(4.56%)</u></b>
Employer’s proportionate share of the collective net OPEB liability	\$ 535,597	\$ 446,202	\$ 374,907

**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 #33’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.

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NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

	<u>1% Decrease<sup>a</sup></u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase<sup>b</sup></u>
Employer’s proportionate share of the collective net OPEB liability	\$ 360,236	\$ 446,202	\$ 569,910

<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 #33 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 #33. The amount recognized by the Regional Office of Education #33 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 #33 were as follow:

Employer’s proportionate share of the net OPEB liability	\$ 446,202
State’s proportionate share of the net OPEB liability associated with the employer	<u>586,021</u>
<b>Total</b>	<b><u>\$ 1,032,223</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 #33’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #33’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #33, actuarially determined. At June 30, 2017, the Regional Office of Education #33’s proportion was 0.001720 percent, which was an increase of 0.00207 from its proportion measured as of June 30, 2016 (0.001513 percent). The State’s support and total are for disclosure purposes only.

For the year ending June 30, 2018, the Regional Office of Education #33 recognized OPEB expense of \$41,584 and revenue of \$41,584 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education #33 recognized OPEB expense of \$40,633. At June 30, 2018, the Regional Office of Education #33 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 253
Changes of assumptions	-	53,126
Net difference between projected and actual earnings on OPEB plan investments	-	5
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,604	-
Employer contributions subsequent to the measurement date	3,995	-
Total Deferred Amounts Related to OPEB	<u>\$ 52,599</u>	<u>\$ 53,384</u>

\$3,995 reported as deferred outflows of resources related to OPEB resulting from the Regional Office of Education #33 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 #33’s OPEB expense as follows:

<b><u>Year Ending June 30,</u></b>		<b><u>Net Deferred Inflows of Resources</u></b>
2019	\$	734
2020		734
2021		734
2022		734
2023		734
Thereafter		1,110
Total	\$	4,780

**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.

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NOTE 7 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB)

**Plan Description**

The Regional Office of Education #33 provides a single-employer defined benefit OPEB plan by participating in the Western Area School Health Benefit Plan (the WAS Plan) as a member of the Western Area School Association. Benefit terms can be amended by WAS at any time. All full time, permanent employees and their spouses are eligible to participate in the plan and have the option to continue participation upon retirement. The WAS Plan is funded through the Western Area School Employee Benefit Trust, which is a trust that does not meet the criteria in paragraph 4 of statement 75 due to contributions made to the plan being revocable.

**Benefits Provided**

Benefits for the WAS Plan include Medical, prescription drug, dental and vision. The plans vary by deductible. Retirees and spouses pay the full monthly contribution rate for benefits.

**Membership**

At June 30, 2017 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	<u>19</u>
TOTAL	<u>19</u>

**Funding Policy and Contributions**

Benefits are paid by the WAS Plan for Medical, prescription drug, dental and vision benefits as they occur. The total OPEB liabilities are currently an unfunded obligation.

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

**Total OPEB Liability**

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

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NOTE 7 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Actuarial Assumptions**

Discount Rate used for the Total OPEB Liability	3.56%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.56%
Premiums	Premiums charged for medical coverage of retiree and spouse are \$688 and \$818, respectively with a \$1,000 deductible. Premiums charged for medical coverage of retiree and spouse are \$661 and \$643, respectively with a \$2,000 deductible. Premiums charged for dental coverage of retiree and spouse are \$24 and \$21, respectively. Premiums charged for vision coverage of retiree and spouse are \$12 and \$14, respectively.
Healthcare Trend Rates	Trend rates are based on review of actual Western Area School experience and projections of the Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Expenditure Projections 2017-2026, Table 3, Aggregate and per Capita Amounts, Percent Distribution and Annual Percent Change by Source of Funds: Calendar Years 2010-2026. For fiscal years on and after 2018, trend starts at 8.0% and gradually decreases to an ultimate trend of 5.0% in 2023.

Mortality rates were based on the RP-2014 "Healthy Annuitants" Mortality Table with projected mortality.

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NOTE 7 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

**Changes in the Total OPEB Liability**

	Total OPEB Liability
<b>Balance at July 1, 2017</b>	\$ 28,452
<b>Changes for the period:</b>	
Service Cost	4,389
Interest Cost	1,169
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	-
Net Change	5,558
 <b>Balance at June 30, 2018</b>	 \$ 34,010

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

**Sensitivity of the Discount Rate**

The following presents the Regional Office of Education #33's total OPEB liability calculated using a discount rate of 3.56%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	<b>1% Decrease</b> (2.56%)	<b>Current Discount Rate</b> (3.56%)	<b>1% Increase</b> (4.56%)
ROE's Total OPEB Liability	\$ 42,012	\$ 34,010	\$ 27,852

**Sensitivity of the Healthcare Trend Rates**

The following presents the Regional Office of Education #33's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2018 decreasing to an ultimate trend rate of 5.0% in 2023.



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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NOTE 7 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Concluded)

	<u>1% Decrease</u> (7.0% decreasing to 4.0%)	<b>Healthcare Cost</b> <u>Trend Rates</u> (8.0% decreasing to 5.0%)	<u>1% Increase</u> (9.0% decreasing to 6.0%)
ROE's Total OPEB Liability	\$ 28,255	\$ 34,010	\$ 41,239

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

For the year ending June 30, 2018, the Regional Office of Education #33 recognized OPEB expense of \$5,558. At June 30, 2018 the Regional Office of Education #33 had no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 8 – RISK MANAGEMENT

The Regional Office of Education #33 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #33 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

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NOTE 9 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

	Due from Other Funds	Due to Other Funds
Governmental Funds		
General Fund	\$ 315,271	\$ 62,182
Education Fund	-	253,089
Total	\$ 315,271	\$ 315,271

TRANSFERS

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

Fund	Transfer In	Transfer Out
General Fund:		
General State Aid	\$ -	\$ 12,510
Education Fund:		
ROE/ISC Operations	12,510	-
	\$ 12,510	\$ 12,510

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 REGIONAL OFFICE OF EDUCATION #33  
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NOTE 10 – OPERATING LEASES

The Regional Office of Education #33 leases classroom and office space from various parties. During the fiscal year 2016, the Regional Office of Education #33 leased classroom and office space located at Willits School from Monmouth-Roseville CUSD #238 for \$2,785 per month. The lease term began on July 1, 2015, and ends on June 30, 2020. For July and August 2017, rent was \$2,000 per month. For September 2017 through the expiration of the lease, the monthly rent is \$3,485.

The Regional Office of Education #33 also leased classrooms and office space located at 235 E Main St., Galesburg, IL 61401 from M.A.K. Properties, for \$1,200 per month. The lease term began on August 18, 2015, and ended on August 17, 2017.

The Regional Office of Education #33 leases office space and parking lot space located on 2004 SE 3<sup>rd</sup> St., Aledo, Illinois for \$600 per month. The lease term was from August 1, 2017, to June 30, 2018.

Total lease expense for the year ended June 30, 2018, was \$47,850. Future minimum lease payments are as follows for the years ending June 30:

2019	\$ 41,820
2020	41,820
2021	-
2022	-
2023 and thereafter	-
	<u>\$ 83,640</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
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NOTE 11 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #33 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets consist of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Governmental Activities:				
Furniture and Equipment	\$ 86,245	\$ 36,309	\$ -	\$ 122,554
Governmental Activities Total Assets	<u>86,245</u>	<u>36,309</u>	<u>-</u>	<u>122,554</u>
Less Accumulated Depreciation	<u>46,178</u>	<u>12,648</u>	<u>-</u>	<u>58,826</u>
Governmental Activities:				
Investment in Capital Assets, Net	<u>\$ 40,067</u>	<u>\$ 23,661</u>	<u>\$ -</u>	<u>\$ 63,728</u>
Business-type Activities:				
Furniture and Equipment	\$ 899	\$ -	\$ -	899
Business-type Activities Total Assets	<u>899</u>	<u>-</u>	<u>-</u>	<u>899</u>
Less Accumulated Depreciation	<u>90</u>	<u>180</u>	<u>-</u>	<u>270</u>
Business-type Activities:				
Investment in Capital Assets, Net	<u>\$ 809</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 629</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2018 of \$12,648 and \$180 was charged to the governmental activities instructional services function and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
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NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #33:

Regional Superintendent Salary	\$ 110,208
Assistant Regional Superintendents' Salaries	99,192
Regional Superintendent Benefits (includes State-paid insurance)	38,061
Assistant Regional Superintendents' Benefits (includes State-paid insurance)	32,642
Total	\$ 280,103

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

Regional Office of Education #33 also recorded \$251,467 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #33 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

State of Illinois on-behalf payments	\$ 280,103
State of Illinois THIS on-behalf payments	41,584
ROE #33's share of TRS pension expense	251,467
Total	\$ 573,154

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #33's General Fund, Education Fund, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

Local Governments	\$ 138,200
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Education Fund

Illinois State Board of Education	524,386
Department of Human Services	200,791

Proprietary Funds

Illinois State Board of Education	53,750
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Fiduciary Funds

Department of Human Services	1,569,209
Total	\$ 2,486,336

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
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NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments:

<u>Education Fund</u>	
Local Governments	856,484
<u>Fiduciary Funds</u>	
Local Governments	<u>1,569,458</u>
Total	<u>\$2,425,942</u>

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

<u>Fund</u>	<u>Amount</u>
Education Fund	
State Free Lunch	\$ 880
	<u>\$ 880</u>

NOTE 15 – RESTATEMENT

The Regional Office of Education #33 implemented GASB Statement Nos. 74 and 75 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year. The net opening balance of deferred outflows of resources and net OPEB liability in the government activities was \$438,801. Because these OPEB-related opening balances reflect OPEB expenses not previously recognized, the opening net position of the government activities on the government-wide Statement of Activities has been restated as follows:

**Governmental Activities Net Position:**

Net position – July 1, 2017	\$ 1,281,872
Deferred outflows and net OPEB liability	<u>(438,801)</u>
Net position, restated – July 1, 2017	<u>\$ 843,071</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST FOUR CALENDAR YEARS  
(UNAUDITED)

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 64,823	\$ 57,785	\$ 46,790	\$ 50,889
Interest on the Total Pension Liability	122,450	110,536	96,903	90,733
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	122,934	31,416	66,475	(93,163)
Changes of Assumptions	(49,511)	-	-	56,262
Benefit Payments, including Refunds of Employee Contributions	(43,443)	(45,349)	(22,432)	(18,385)
<b>Net Change in Total Pension Liability</b>	<u>217,253</u>	<u>154,388</u>	<u>187,736</u>	<u>86,336</u>
<b>Total Pension Liability - Beginning</b>	<u>1,621,980</u>	<u>1,467,592</u>	<u>1,279,856</u>	<u>1,193,520</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 1,839,233</u>	<u>\$ 1,621,980</u>	<u>\$ 1,467,592</u>	<u>\$ 1,279,856</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 113,522	\$ 58,601	\$ 51,500	\$ 46,073
Contributions - Employees	48,057	25,702	21,967	17,858
Net Investment Income	221,779	69,356	(22,368)	2,624
Benefit Payments, including Refunds of Employee Contributions	(43,443)	(45,349)	(22,432)	(20,936)
Other (Net Transfer)	(1,199)	(1,552)	3,147	(35)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>338,716</u>	<u>106,758</u>	<u>31,814</u>	<u>45,584</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,406,359</u>	<u>1,299,601</u>	<u>1,267,787</u>	<u>1,222,203</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 1,745,075</u>	<u>\$ 1,406,359</u>	<u>\$ 1,299,601</u>	<u>\$ 1,267,787</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 94,158</u>	<u>\$ 215,621</u>	<u>\$ 167,991</u>	<u>\$ 12,069</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	94.88%	86.71%	88.55%	99.06%
<b>Covered Payroll</b>	\$ 1,067,943	\$ 571,160	\$ 488,152	\$ 406,149
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	8.82%	37.75%	34.41%	2.97%

**Notes to Schedule:**

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



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST FOUR CALENDAR YEARS  
(UNAUDITED)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 113,522	\$ 113,522	\$ -	\$ 1,067,943	10.63%
2016	44,636	58,601	(13,965)	571,160	10.26%
2015	51,500	51,500	-	488,152	10.55%
2014	44,636	46,073	(1,437)	406,149	11.34%

**Notes to Schedule:**

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

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2017 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; no explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

Notes: There were no benefit changes during the year.

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

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2018 †  
(UNAUDITED)

	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0008237739%	0.0010516667%	0.0006423704%	0.0009430612%
Employer's proportionate share of the net pension liability	\$ 629,348	\$ 830,144	\$ 420,817	\$ 573,930
State's proportionate share of the net pension liability associated with the employer	2,555,161	2,784,243	2,012,052	2,567,901
<b>Total</b>	<b>\$ 3,184,509</b>	<b>\$ 3,614,387</b>	<b>\$ 2,432,869</b>	<b>\$ 3,141,831</b>
Employer's covered payroll	\$ 430,675	\$ 346,828	\$ 373,595	\$ 461,262
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	146.1%	239.4%	112.6%	124.4%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2018 †  
(UNAUDITED)

	FY18	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 16,437	\$ 36,327	\$ 40,483	\$ 20,997	\$ 35,724
Contributions in relation to the statutorily-required contribution	25,834	36,651	38,373	20,902	35,201
Contribution deficiency (excess)	<u>\$ (9,397)</u>	<u>\$ (324)</u>	<u>\$ 2,110</u>	<u>\$ 95</u>	<u>\$ 523</u>
Employer's covered payroll	\$ 453,953	\$ 430,675	\$ 346,828	\$ 373,595	\$ 461,262
Contributions as a percentage of covered payroll	5.69%	8.51%	11.06%	5.59%	7.63%

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

**Notes to This Required Supplementary Information**

*Changes of assumptions*

For the 2017 and 2016 measurement years, the assumed investment rate of return was of 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.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
 SHARE OF THE OTHER POSTEMPLOYMENT BENEFIT LIABILITY  
 TEACHER HEALTH INSURANCE SECURITY FUND  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (UNAUDITED)

	2017	2016
Employer's proportion of the net OPEB liability	.001720%	.001513%
Employer's proportionate share of the net OPEB liability	\$ 446,202	\$ 413,672
Employer's covered payroll	\$ 430,675	\$ 346,828
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	103.61%	119.27%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 TEACHER HEALTH INSURANCE SECURITY FUND  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (UNAUDITED)

	2018	2017	2016
Statutorily-required contribution	\$ 3,995	\$ 3,201	\$ 2,775
Contributions in relation to the statutorily-required contribution	3,995	3,201	2,775
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 453,953	\$ 430,675	\$ 346,828
Contributions as a percentage of covered payroll	0.88%	0.74%	0.80%

**Notes to Schedule**

**Changes of assumptions**

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

**Changes of Benefit Terms**

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

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 WESTERN AREA SCHOOL HEALTH BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2018 †  
 (UNAUDITED)

	FY18
Total OPEB Liability	
Service Cost	\$ 4,389
Interest Cost	1,169
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Benefit Payments	-
Net Change in Total OPEB Liability	5,558
Total OPEB Liability - Beginning	28,452
Total OPEB Liability - Ending	\$ 34,010

**Notes to Schedule:**

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

† *The information in this schedule will accumulate until a full 10-year trend is presented as required by Statement No. 75.*

OTHER SUPPLEMENTAL INFORMATION

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2018

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Local Galesburg Community Foundation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 190,847	\$ 1,268,351	\$ 33,479	\$ -	\$ 1,877
Due from other funds	-	315,271	-	-	-
Due from other governments:					
Local	70,860	-	-	67,340	-
<b>TOTAL ASSETS</b>	<b>\$ 261,707</b>	<b>\$ 1,583,622</b>	<b>\$ 33,479</b>	<b>\$ 67,340</b>	<b>\$ 1,877</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,822	\$ 2,800	\$ -	\$ -	\$ -
Due to other funds	-	-	-	62,182	-
<b>Total Liabilities</b>	<b>2,822</b>	<b>2,800</b>	<b>-</b>	<b>62,182</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	30,219	-	-	-	-
<b>FUND BALANCE</b>					
Assigned	-	-	33,479	5,158	1,877
Unassigned	228,666	1,580,822	-	-	-
<b>Total Fund Balance</b>	<b>228,666</b>	<b>1,580,822</b>	<b>33,479</b>	<b>5,158</b>	<b>1,877</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 261,707</b>	<b>\$ 1,583,622</b>	<b>\$ 33,479</b>	<b>\$ 67,340</b>	<b>\$ 1,877</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2018

	American College Test (ACT) Class	Criminal Background Investigation	Testing Center	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,594	\$ 30,788	\$ 6,066	\$ 1,543,002
Due from other funds	-	-	-	315,271
Due from other governments:				
Local	-	-	-	138,200
<b>TOTAL ASSETS</b>	<b>\$ 11,594</b>	<b>\$ 30,788</b>	<b>\$ 6,066</b>	<b>\$ 1,996,473</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	5,622
Due to other funds	-	-	-	62,182
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,804</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	30,219
<b>FUND BALANCE</b>				
Assigned	11,594	30,788	6,066	88,962
Unassigned	-	-	-	1,809,488
<b>Total Fund Balance</b>	<b>11,594</b>	<b>30,788</b>	<b>6,066</b>	<b>1,898,450</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 11,594</b>	<b>\$ 30,788</b>	<b>\$ 6,066</b>	<b>\$ 1,996,473</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Local Galesburg Community Foundation
<b>REVENUES</b>					
Local sources	\$ 222,672	\$ 58,820	\$ 60,000	\$ 138,668	\$ 5,502
State sources	-	402,481	35,000	-	-
On-behalf payments - State	280,103	-	-	-	-
Investment earnings	3,578	-	-	-	-
Total Revenues	<u>506,353</u>	<u>461,301</u>	<u>95,000</u>	<u>138,668</u>	<u>5,502</u>
<b>EXPENDITURES</b>					
Salaries and benefits	119,467	132,639	62,346	86,484	-
Pension expense	9,465	9,427	2,184	3,683	-
OPEB Expense	1,598	2,397	-	-	-
Purchased services	38,827	30,011	7,275	51,836	3,493
Supplies and materials	4,327	1,780	3,858	12,022	504
On-behalf payments - State	280,103	-	-	-	-
Capital outlay	2,380	-	-	585	-
Total Expenditures	<u>456,167</u>	<u>176,254</u>	<u>75,663</u>	<u>154,610</u>	<u>3,997</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>50,186</u>	<u>285,047</u>	<u>19,337</u>	<u>(15,942)</u>	<u>1,505</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	(12,510)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	50,186	272,537	19,337	(15,942)	1,505
<b>FUND BALANCE - BEGINNING</b>	<u>178,480</u>	<u>1,308,285</u>	<u>14,142</u>	<u>21,100</u>	<u>372</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 228,666</u>	<u>\$ 1,580,822</u>	<u>\$ 33,479</u>	<u>\$ 5,158</u>	<u>\$ 1,877</u>



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	American College Test (ACT) Class	Criminal Background Investigation	Testing Center	TOTALS
<b>REVENUES</b>				
Local sources	\$ 500	\$ 22,470	\$ 1,601	\$ 510,233
State sources	-	-	-	437,481
On-behalf payments - State	-	-	-	280,103
Investment earnings	-	-	-	3,578
Total Revenues	<u>500</u>	<u>22,470</u>	<u>1,601</u>	<u>1,231,395</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	-	-	400,936
Pension expense	-	-	-	24,759
OPEB Expense	-	-	-	3,995
Purchased services	390	14,950	-	146,782
Supplies and materials	269	75	109	22,944
On-behalf payments - State	-	-	-	280,103
Capital outlay	-	-	-	2,965
Total Expenditures	<u>659</u>	<u>15,025</u>	<u>109</u>	<u>882,484</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(159)</u>	<u>7,445</u>	<u>1,492</u>	<u>348,911</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	(12,510)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,510)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(159)	7,445	1,492	336,401
<b>FUND BALANCE - BEGINNING</b>	<u>11,753</u>	<u>23,343</u>	<u>4,574</u>	<u>1,562,049</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 11,594</u>	<u>\$ 30,788</u>	<u>\$ 6,066</u>	<u>\$ 1,898,450</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2018

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>ASSETS</b>					
Cash and cash equivalents	\$ 628	\$ -	\$ 171	\$ 4,407	\$ 201,884
Due from other governments:					
State	-	-	-	-	-
Federal	-	1,307	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 628</u></b>	<b><u>\$ 1,307</u></b>	<b><u>\$ 171</u></b>	<b><u>\$ 4,407</u></b>	<b><u>\$ 201,884</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,442
Accrued expenses	-	-	-	2,107	-
Due to other funds	-	911	-	-	-
Due to other governments:					
Local	-	-	-	-	-
Unearned revenue	628	-	-	-	192,442
<b>Total Liabilities</b>	<b><u>628</u></b>	<b><u>911</u></b>	<b><u>-</u></b>	<b><u>2,107</u></b>	<b><u>201,884</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	396	171	2,300	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b><u>-</u></b>	<b><u>396</u></b>	<b><u>171</u></b>	<b><u>2,300</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b><u>\$ 628</u></b>	<b><u>\$ 1,307</u></b>	<b><u>\$ 171</u></b>	<b><u>\$ 4,407</u></b>	<b><u>\$ 201,884</u></b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2018

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 4,999	\$ -	\$ 9,311
Due from other governments:					
State	-	-	2,000	-	-
Federal	-	53,466	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 53,466</u>	<u>\$ 6,999</u>	<u>\$ -</u>	<u>\$ 9,311</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 1,482	\$ -	\$ -
Accrued expenses	-	-	5,517	-	-
Due to other funds	-	53,466	-	880	-
Due to other governments:					
Local	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>53,466</u>	<u>6,999</u>	<u>880</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	9,311
Unassigned	-	-	-	(880)	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(880)</u>	<u>9,311</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<u>\$ -</u>	<u>\$ 53,466</u>	<u>\$ 6,999</u>	<u>\$ -</u>	<u>\$ 9,311</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2018

	School Breakfast Program	Early Childhood Grant (3705-RX)	Early Childhood Grant (3705-1R)	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,038	\$ 168,364	\$ 154,473	\$ 162,574	\$ 26,423
Due from other governments:					
State	-	-	-	440,636	-
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 4,038</u></b>	<b><u>\$ 168,364</u></b>	<b><u>\$ 154,473</u></b>	<b><u>\$ 603,210</u></b>	<b><u>\$ 26,423</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,297	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments:					
Local	-	137,130	-	599,913	-
Unearned revenue	-	31,234	154,473	-	26,423
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>168,364</u></b>	<b><u>154,473</u></b>	<b><u>603,210</u></b>	<b><u>26,423</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	4,038	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b><u>4,038</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b><u>\$ 4,038</u></b>	<b><u>\$ 168,364</u></b>	<b><u>\$ 154,473</u></b>	<b><u>\$ 603,210</u></b>	<b><u>\$ 26,423</u></b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2018

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance
<b>ASSETS</b>					
Cash and cash equivalents	\$ 306,336	\$ -	\$ -	\$ -	\$ -
Due from other governments:					
State	-	-	-	57,245	13,738
Federal	-	39,593	54,643	-	-
<b>TOTAL ASSETS</b>	<b>\$ 306,336</b>	<b>\$ 39,593</b>	<b>\$ 54,643</b>	<b>\$ 57,245</b>	<b>\$ 13,738</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,414
Accrued expenses	-	-	-	7,175	-
Due to other funds	-	26,917	54,643	50,070	12,324
Due to other governments:					
Local	119,441	-	-	-	-
Unearned revenue	186,895	-	-	-	-
<b>Total Liabilities</b>	<b>306,336</b>	<b>26,917</b>	<b>54,643</b>	<b>57,245</b>	<b>13,738</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	12,676	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>12,676</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 306,336</b>	<b>\$ 39,593</b>	<b>\$ 54,643</b>	<b>\$ 57,245</b>	<b>\$ 13,738</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2018

	Adult Education and Family Literacy - Public Assistance	Adult Education and Family Literacy - Pilot Grant	Federal Adult Education - Basic	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,672	\$ -	\$ 1,045,280
Due from other governments:				
State	10,767	-	-	524,386
Federal	-	-	51,782	200,791
<b>TOTAL ASSETS</b>	<u>\$ 10,767</u>	<u>\$ 1,672</u>	<u>\$ 51,782</u>	<u>\$ 1,770,457</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 15,635
Accrued expenses	-	-	8,671	23,470
Due to other funds	10,767	-	43,111	253,089
Due to other governments:				
Local	-	-	-	856,484
Unearned revenue	-	-	-	592,095
<b>Total Liabilities</b>	<u>10,767</u>	<u>-</u>	<u>51,782</u>	<u>1,740,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	-	1,672	-	30,564
Unassigned	-	-	-	(880)
<b>Total Fund Balance (Deficit)</b>	<u>-</u>	<u>1,672</u>	<u>-</u>	<u>29,684</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<u>\$ 10,767</u>	<u>\$ 1,672</u>	<u>\$ 51,782</u>	<u>\$ 1,770,457</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ -	\$ 55,846	\$ 67,174
Federal sources	11,691	1,307	-	-	-
Total Revenues	<u>11,691</u>	<u>1,307</u>	<u>-</u>	<u>55,846</u>	<u>67,174</u>
<b>EXPENDITURES</b>					
Salaries and benefits	7,491	-	-	54,455	25,768
Pension expense	701	-	-	2,857	-
Purchased services	3,499	1,307	-	1,011	5,602
Supplies and materials	-	-	-	-	8,370
Intergovernmental:					
Payments to other governments	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>11,691</u>	<u>1,307</u>	<u>-</u>	<u>58,323</u>	<u>39,740</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,477)</u>	<u>27,434</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	(2,477)	27,434
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>396</u>	<u>171</u>	<u>4,777</u>	<u>(27,434)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 171</u>	<u>\$ 2,300</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>REVENUES</b>					
State sources	\$ 110,358	\$ -	\$ 222,920	\$ 461	\$ -
Federal sources	-	123,125	-	-	22,625
Total Revenues	<u>110,358</u>	<u>123,125</u>	<u>222,920</u>	<u>461</u>	<u>22,625</u>
<b>EXPENDITURES</b>					
Salaries and benefits	72,639	75,567	100,177	-	-
Pension expense	2,277	4,558	7,549	-	-
Purchased services	20,949	27,838	3,714	-	25,565
Supplies and materials	5,511	4,162	20	-	79
Intergovernmental:					
Payments to other governments	21,492	11,000	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>122,868</u>	<u>123,125</u>	<u>111,460</u>	<u>-</u>	<u>25,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,510)</u>	<u>-</u>	<u>111,460</u>	<u>461</u>	<u>(3,019)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	<u>12,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>12,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	111,460	461	(3,019)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(111,460)</u>	<u>(1,341)</u>	<u>12,330</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (880)</u>	<u>\$ 9,311</u>



HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	School Breakfast Program	Early Childhood Grant (3705-RX)	Early Childhood Grant (3705-1R)	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>REVENUES</b>					
State sources	\$ -	\$ 400,916	\$ 136,732	\$ 3,631,726	\$ 621,788
Federal sources	7,610	-	-	-	-
Total Revenues	<u>7,610</u>	<u>400,916</u>	<u>136,732</u>	<u>3,631,726</u>	<u>621,788</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	48,965	29,802	235,022	445,809
Pension expense	-	828	2,832	8,890	43,774
Purchased services	6,874	19,452	45,206	58,211	65,734
Supplies and materials	-	189,204	47,682	36,019	19,541
Intergovernmental:					
Payments to other governments	-	137,130	-	3,290,004	46,930
Capital Outlay	-	5,337	11,210	3,580	-
Total Expenditures	<u>6,874</u>	<u>400,916</u>	<u>136,732</u>	<u>3,631,726</u>	<u>621,788</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	736	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>3,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 4,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance
<b>REVENUES</b>					
State sources	\$ 918,251	\$ -	\$ -	\$ 125,279	\$ 29,510
Federal sources	-	132,335	208,878	-	-
Total Revenues	<u>918,251</u>	<u>132,335</u>	<u>208,878</u>	<u>125,279</u>	<u>29,510</u>
<b>EXPENDITURES</b>					
Salaries and benefits	123,147	96,085	153,902	116,573	24,735
Pension expense	7,344	13,760	19,223	5,013	1,091
Purchased services	51,144	4,018	9,243	3,693	2,435
Supplies and materials	130,173	4,068	15,650	-	1,249
Intergovernmental:					
Payments to other governments	593,226	14,404	10,860	-	-
Capital Outlay	<u>13,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>918,251</u>	<u>132,335</u>	<u>208,878</u>	<u>125,279</u>	<u>29,510</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>-</u>	<u>12,676</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ -</u>	<u>\$ 12,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education and Family Literacy - Public Assistance	Adult Education and Family Literacy - Pilot Grant	Federal Adult Education - Basic	TOTALS
<b>REVENUES</b>				
State sources	\$ 16,923	\$ 2,408	\$ -	\$ 6,340,292
Federal sources	-	-	90,928	598,499
Total Revenues	<u>16,923</u>	<u>2,408</u>	<u>90,928</u>	<u>6,938,791</u>
<b>EXPENDITURES</b>				
Salaries and benefits	14,790	1,995	90,300	1,717,222
Pension expense	1,188	11	5,900	127,796
Purchased services	945	85	1,462	357,987
Supplies and materials	-	-	869	462,597
Intergovernmental:				
Payments to other governments	-	-	-	4,125,046
Capital Outlay	-	-	-	33,344
Total Expenditures	<u>16,923</u>	<u>2,091</u>	<u>98,531</u>	<u>6,823,992</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>317</u>	<u>(7,603)</u>	<u>114,799</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	12,510
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,510</u>
NET CHANGE IN FUND BALANCE	-	317	(7,603)	127,309
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>1,355</u>	<u>7,603</u>	<u>(97,625)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 1,672</u>	<u>\$ -</u>	<u>\$ 29,684</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 11,541	\$ 11,541	\$ 11,691
Total Revenue	<u>11,541</u>	<u>11,541</u>	<u>11,691</u>
<b>EXPENDITURES</b>			
Salaries and benefits	7,744	7,276	7,491
Pension expense	-	-	701
Purchased services	3,197	3,691	3,499
Supplies and materials	600	574	-
Total Expenditures	<u>11,541</u>	<u>11,541</u>	<u>11,691</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 1,357	\$ 1,357	\$ 1,307
Total Revenue	<u>1,357</u>	<u>1,357</u>	<u>1,307</u>
EXPENDITURES			
Purchased services	<u>1,357</u>	<u>1,357</u>	<u>1,307</u>
Total Expenditures	<u>1,357</u>	<u>1,357</u>	<u>1,307</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>396</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
State sources	\$ 60,632	\$ 60,632	\$ 55,846
Total Revenue	<u>60,632</u>	<u>60,632</u>	<u>55,846</u>
<b>EXPENDITURES</b>			
Salaries and benefits	60,129	59,676	54,455
Pension expense	-	-	2,857
Purchased services	503	956	1,011
Total Expenditures	<u>60,632</u>	<u>60,632</u>	<u>58,323</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (2,477)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>4,777</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 2,300</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
State sources	\$ 38,144	\$ 38,144	\$ 67,174
Total Revenue	<u>38,144</u>	<u>38,144</u>	<u>67,174</u>
<b>EXPENDITURES</b>			
Salaries and benefits	25,362	25,362	25,768
Purchased services	4,916	4,916	5,602
Supplies and materials	7,866	7,866	8,370
Total Expenditures	<u>38,144</u>	<u>38,144</u>	<u>39,740</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 27,434
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>(27,434)</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 100,226	\$ 110,358	\$ 110,358
Total Revenue	<u>100,226</u>	<u>110,358</u>	<u>110,358</u>
<b>EXPENDITURES</b>			
Salaries and benefits	52,347	64,272	72,639
Pension expense	-	-	2,277
Purchased services	44,379	39,986	20,949
Supplies and materials	3,500	6,100	5,511
Intergovernmental:			
Payments to other governments	-	-	21,492
Total Expenditures	<u>100,226</u>	<u>110,358</u>	<u>122,868</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(12,510)</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Transfer in	-	-	12,510
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,510</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE I - FOUNDATIONAL SERVICES  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 169,125	\$ 169,125	\$ 123,125
Total Revenue	<u>169,125</u>	<u>169,125</u>	<u>123,125</u>
<b>EXPENDITURES</b>			
Salaries and benefits	87,934	87,934	75,567
Pension expense	-	-	4,558
Purchased services	49,711	49,711	27,838
Supplies and materials	4,426	4,426	4,162
Intergovernmental:			
Payments to other governments	<u>27,054</u>	<u>27,054</u>	<u>11,000</u>
Total Expenditures	<u>169,125</u>	<u>169,125</u>	<u>123,125</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 111,460	\$ 111,460	\$ 222,920
Total Revenue	<u>111,460</u>	<u>111,460</u>	<u>222,920</u>
<b>EXPENDITURES</b>			
Salaries and benefits	104,674	103,674	100,177
Pension expense	-	-	7,549
Purchased services	6,486	7,486	3,714
Supplies and materials	300	300	20
Total Expenditures	<u>111,460</u>	<u>111,460</u>	<u>111,460</u>
NET CHANGE IN FUND BALANCE	-	-	111,460
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(111,460)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-RX)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 1,296,453	\$ 1,296,453	\$ 400,916
Total Revenue	<u>1,296,453</u>	<u>1,296,453</u>	<u>400,916</u>
<b>EXPENDITURES</b>			
Salaries and benefits	330,742	330,742	48,965
Pension expense			828
Purchased services	101,303	101,303	19,452
Supplies and materials	273,605	273,605	189,204
Capital outlay	34,000	34,000	5,337
Intergovernmental:			
Payments to other governments	556,803	556,803	137,130
Total Expenditures	<u>1,296,453</u>	<u>1,296,453</u>	<u>400,916</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 -	 -	 -
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from February 14, 2018, through June 30, 2019; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-1R)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 481,805	\$ 481,805	\$ 136,732
Total Revenue	<u>481,805</u>	<u>481,805</u>	<u>136,732</u>
<b>EXPENDITURES</b>			
Salaries and benefits	236,010	236,010	29,802
Pension expense	-	-	2,832
Purchased services	112,404	112,404	45,206
Supplies and materials	124,692	124,692	47,682
Capital outlay	8,699	8,699	11,210
Total Expenditures	<u>481,805</u>	<u>481,805</u>	<u>136,732</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from February 14, 2018, through June 30, 2019; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 2,037,419	\$ 2,271,296	\$ 3,631,726
Total Revenue	<u>2,037,419</u>	<u>2,271,296</u>	<u>3,631,726</u>
<b>EXPENDITURES</b>			
Salaries and benefits	242,711	242,711	235,022
Pension expense	-	-	8,890
Purchased services	44,322	45,822	58,211
Supplies and materials	9,795	118,295	36,019
Capital outlay	9,242	9,242	3,580
Intergovernmental:			
Payments to other governments	<u>1,731,349</u>	<u>1,855,226</u>	<u>3,290,004</u>
Total Expenditures	<u>2,037,419</u>	<u>2,271,296</u>	<u>3,631,726</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2017, through August 31, 2018; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 581,728	\$ 606,078	\$ 621,788
Total Revenue	<u>581,728</u>	<u>606,078</u>	<u>621,788</u>
<b>EXPENDITURES</b>			
Salaries and benefits	543,995	543,995	445,809
Pension expense	-	-	43,774
Purchased services	33,333	49,683	65,734
Supplies and materials	4,400	12,400	19,541
Intergovernmental:			
Payments to other governments	-	-	46,930
Total Expenditures	<u>581,728</u>	<u>606,078</u>	<u>621,788</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 -	 -	 -
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2017, through August 31, 2018; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD - MONITORING  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 564,276	\$ 778,663	\$ 918,251
Total Revenue	<u>564,276</u>	<u>778,663</u>	<u>918,251</u>
<b>EXPENDITURES</b>			
Salaries and benefits	169,358	156,973	123,147
Pension expense	-	-	7,344
Purchased services	30,558	96,150	51,144
Supplies and materials	5,500	47,510	130,173
Capital outlay	-	-	13,217
Intergovernmental:			
Payments to other governments	<u>358,860</u>	<u>478,030</u>	<u>593,226</u>
Total Expenditures	<u>564,276</u>	<u>778,663</u>	<u>918,251</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2017, through August 31, 2018; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-13)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 150,000	\$ 150,000	\$ 132,335
Total Revenue	<u>150,000</u>	<u>150,000</u>	<u>132,335</u>
<b>EXPENDITURES</b>			
Salaries and benefits	91,162	104,862	96,085
Pension expense	-	-	13,760
Purchased services	17,159	13,659	4,018
Supplies and materials	26,329	16,129	4,068
Intergovernmental:			
Payments to other governments	15,350	15,350	14,404
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>132,335</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 -	 -	 <u>12,676</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 12,676</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2017, through August 31, 2018; only part of the grant was received and expended in the current fiscal year.



HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-15)  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 225,000	\$ 225,000	\$ 208,878
Total Revenue	<u>225,000</u>	<u>225,000</u>	<u>208,878</u>
<b>EXPENDITURES</b>			
Salaries and benefits	163,205	167,205	153,902
Pension expense	-	-	19,223
Purchased services	17,464	13,464	9,243
Supplies and materials	28,199	28,199	15,650
Intergovernmental:			
Payments to other governments	16,132	16,132	10,860
Total Expenditures	<u>225,000</u>	<u>225,000</u>	<u>208,878</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 -	 -	 -
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2017, through August 31, 2018; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 135,761	\$ 135,761	\$ 125,279
Total Revenue	<u>135,761</u>	<u>135,761</u>	<u>125,279</u>
<b>EXPENDITURES</b>			
Salaries and benefits	135,761	135,761	116,573
Pension expense	-	-	5,013
Purchased services	-	-	3,693
Total Expenditures	<u>135,761</u>	<u>135,761</u>	<u>125,279</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE  
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 28,555	\$ 28,555	\$ 29,510
Total Revenue	<u>28,555</u>	<u>28,555</u>	<u>29,510</u>
<b>EXPENDITURES</b>			
Salaries and benefits	28,555	28,555	24,735
Pension expense	-	-	1,091
Purchased services	-	-	2,435
Supplies and materials	-	-	1,249
Total Expenditures	<u>28,555</u>	<u>28,555</u>	<u>29,510</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 FEDERAL ADULT EDUCATION - BASIC  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 104,180	\$ 104,180	\$ 90,928
Total Revenue	<u>104,180</u>	<u>104,180</u>	<u>90,928</u>
<b>EXPENDITURES</b>			
Salaries and benefits	104,180	104,180	90,300
Pension expense	-	-	5,900
Purchased services	-	-	1,462
Supplies and materials	-	-	869
Total Expenditures	<u>104,180</u>	<u>104,180</u>	<u>98,531</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (7,603)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>7,603</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2018

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,005	\$ 18,398	\$ 138,782	\$ 159,185
Accounts receivable	-	-	263	263
<b>TOTAL ASSETS</b>	<u>\$ 2,005</u>	<u>\$ 18,398</u>	<u>\$ 139,045</u>	<u>\$ 159,448</u>
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	\$ 2,005	\$ 18,398	\$ 139,045	\$ 159,448
Total Fund Balance (Deficit)	<u>2,005</u>	<u>18,398</u>	<u>139,045</u>	<u>159,448</u>
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<u>\$ 2,005</u>	<u>\$ 18,398</u>	<u>\$ 139,045</u>	<u>\$ 159,448</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 527	\$ 1,181	\$ 39,230	\$ 40,938
State sources	-	1,277	-	1,277
Total Revenues	<u>527</u>	<u>2,458</u>	<u>39,230</u>	<u>42,215</u>
EXPENDITURES				
Salaries and benefits	-	1,350	-	1,350
Purchased services	-	690	10,230	10,920
Supplies and materials	-	-	697	697
Total Expenditures	<u>-</u>	<u>2,040</u>	<u>10,927</u>	<u>12,967</u>
NET CHANGE IN FUND BALANCE	527	418	28,303	29,248
FUND BALANCE (DEFICIT) - BEGINNING	<u>1,478</u>	<u>17,980</u>	<u>110,742</u>	<u>130,200</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 2,005</u>	<u>\$ 18,398</u>	<u>\$ 139,045</u>	<u>\$ 159,448</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 249	\$ 6,006,399	\$ 6,006,399	\$ 249
Due from other governments	1,483,079	1,569,209	1,483,079	1,569,209
Total Assets	<u>\$ 1,483,328</u>	<u>\$ 7,575,608</u>	<u>\$ 7,489,478</u>	<u>\$ 1,569,458</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 1,483,328</u>	<u>\$ 7,575,608</u>	<u>\$ 7,489,478</u>	<u>\$ 1,569,458</u>
Total Liabilities	<u>\$ 1,483,328</u>	<u>\$ 7,575,608</u>	<u>\$ 7,489,478</u>	<u>\$ 1,569,458</u>