

**STATE OF ILLINOIS  
LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

**FINANCIAL AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2019**

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

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REGIONAL OFFICE OF EDUCATION NO. 35**

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**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Mr. Christopher B. Dvorak

Assistant Regional Superintendent  
(current and during the audit period)

Mr. Matthew Winchester

Office is located at:

119 West Madison Street, Room 102  
Ottawa, Illinois 61350

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

Item No.	Page	Description	Finding Type
<b>FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)</b>			
	11	None	N/A
<b>PRIOR AUDIT FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)</b>			
2018-001	12	Failure to Fully Insure and Collateralize Cash Balances	Significant Deficiency

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
FINANCIAL REPORT SUMMARY - CONTINUED**

**EXIT CONFERENCE**

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2019 in a communication dated March 3, 2020.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 was performed by MCK CPAs & Advisors.

Based on their audit, the auditors expressed unmodified opinions on the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements.





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## INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

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

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of June 30, 2019, 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.

## **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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35'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 3, 2020 on our consideration of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35'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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Bloomington, Illinois  
March 3, 2020



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**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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements, and have issued our report thereon dated March 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35'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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control. Accordingly, we do not express an opinion on the effectiveness of LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Bloomington, Illinois  
March 3, 2020

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**Financial Statements in accordance with GAAP**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   ✓   No
- Significant deficiency(ies) identified?        Yes   ✓   None reported

Noncompliance material to financial statements noted?        Yes   ✓   No

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**Section II: Financial Statement Findings**

There are no audit findings reported in the current year.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
FOR THE YEAR ENDED JUNE 30, 2019**

2018-001	Failure to Fully Insure and Collateralize Cash Balances	Not Repeated
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During the current audit, audit testing results indicated the Regional Office implemented corrective action and all cash balances were fully insured and collateralized.



## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2019 with comparative information for the year ended June 30, 2018. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2019 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased slightly from the previous year, increasing by \$36,530 (6%) from \$592,925 in FY 2018 to \$629,455 in FY 2019. This was primarily as a result of an increase in the students who attended the Regional Safe School, resulting in increased tuition dollars. The General Fund's expenditures increased by \$73,588 (18%) from \$400,629 in FY 2018 to \$474,217 in FY 2019. The expenditure increase is due to the increased number of students that attended the Regional Safe School. The increase in students required an increase in teaching staff, reflected in the increase in expenses paid from GSA.
- Within the Governmental Funds, the Special Revenue Funds' revenues decreased by \$352,994 (23%) from \$1,515,426 in FY 2018 to \$1,162,432 in FY 2019. The majority of this decrease, approximately \$128,000, is a result of the untimely grant payments in FY 2017 resulting in unavailable revenue, which was then collected and reported in FY 2018. FY 2018 payments were received in a timely manner; therefore, there was a large decrease in unavailable revenue reported from FY 2018 in FY 2019. The remainder of the decrease is a result of the end of the STEM Math and Science funding, as well as the Feasibility Grant funds and SSOS AIR Foundational Service funds. The Special Revenue Funds' expenditures decreased by \$180,123 (13%) from \$1,373,967 in FY 2018 to \$1,193,844 in FY 2019, as a result of the end of the grants listed above.
- The Enterprise Funds' revenues increased by \$36,008 (25%) from \$142,043 in FY 2018 to \$178,051 in FY 2019. This was due to increases in Workshop revenue. The Enterprise Funds' expenditures increased by \$30,645 (39%) from \$78,370 in FY 2018 to \$109,015 in FY 2019. The increase relates mostly to increase in revenue in Workshops, resulting in an increase in presenter payments. There was also some increases in the Purchasing Coop expenses.

**Using This Report**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE as a whole and present an overall view of the ROE's finances.
- *Fund financial statements* report the ROE's operations in more detail than the government-wide statements by providing information about the most significant funds.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information and supplementary information* further explains and supports the financial statements and provides detailed information about the non-major funds.

### **Reporting the Regional Office of Education No. 35 as a Whole**

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

##### Government-wide Financial Statements

The Government-wide financial statements report information about the ROE as a whole. The Statement of Net Position includes all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *Net Position*. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using Generally Accepted Accounting Principles.

The Government-wide financial statements report the ROE's net position and how it has changed. Net Position - the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources – is one way to measure the ROE's financial condition.

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

#### *Fund Financial Statements*

The fund financial statements provide detailed information about the ROE's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE established other funds to control and manage money for particular purposes.

The ROE has three kinds of funds:

- (1) **Governmental funds** account for those funds through which most governmental functions of the ROE are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the ROE's programs. The ROE's Governmental Funds include: the General Fund and the Special Revenue Funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

- (2) **Proprietary funds** account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.
- (3) **Fiduciary funds** are used to account for assets held by the ROE in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Position.

**Government-Wide Financial Analysis**

As noted earlier, net position, when examined over time, may serve as an indicator of the financial health of the ROE. The net position at the end of FY 2018 and 2019 totaled \$440,874 and \$607,116 respectively. The slight increase in the net position is related to the GASB 68 and 75 pronouncements. The liabilities related to these pronouncements decreased significantly in FY 2019. The analysis that follows provides a summary of the ROE's net position as of June 30, 2019 and 2018.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**CONDENSED STATEMENT OF NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
<b>ASSETS</b>						
Current assets	\$ 1,272,580	\$ 1,409,197	\$ 229,914	\$ 298,375	\$ 1,502,494	\$ 1,707,572
Capital assets, net	--	--	11,294	8,336	11,294	8,336
Net pension asset	92,260	--	12,319	--	104,579	--
<b>TOTAL ASSETS</b>	<u>1,364,840</u>	<u>1,409,197</u>	<u>253,527</u>	<u>306,711</u>	<u>1,618,367</u>	<u>1,715,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>1,199,860</u>	<u>891,676</u>	<u>22,313</u>	<u>43,535</u>	<u>1,222,173</u>	<u>935,211</u>
Current liabilities	18,372	34,450	9,959	7,639	28,331	42,089
Net pension liability	1,470,547	111,369	--	16,648	1,470,547	128,017
OPEB liabilities	533,633	513,374	--	--	533,633	513,374
<b>TOTAL LIABILITIES</b>	<u>2,022,552</u>	<u>659,193</u>	<u>9,959</u>	<u>24,287</u>	<u>2,032,511</u>	<u>683,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>345,626</u>	<u>1,348,433</u>	<u>21,529</u>	<u>12,090</u>	<u>367,155</u>	<u>1,360,523</u>
<b>NET POSITION</b>						
Net investment in capital assets	--	--	11,294	8,336	11,294	8,336
Restricted - other	361,313	234,354	12,319	--	373,632	234,354
Unrestricted	(164,791)	58,893	220,739	305,533	55,948	364,426
<b>TOTAL NET POSITION</b>	<u>\$ 196,522</u>	<u>\$ 293,247</u>	<u>\$ 244,352</u>	<u>\$ 313,869</u>	<u>\$ 440,874</u>	<u>\$ 607,116</u>

The ROE's net position increased by \$166,242 during FY 2019. An increase of \$96,725 occurred in the Governmental Activities and an increase of \$69,517 occurred in the Business-Type Activities. The increase in Governmental Activities is mostly due to GASB 68 and 75 and decreases in liabilities associated with those pronouncements. The increase in Business-Type Activities is primarily attributed to a large increase in revenue for Workshops, as well as slight increases in revenue for LaSalle County Area Purchasing Coop, Excellence in Education, and Criminal Background funds.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

CHANGES IN NET POSITION

The following analysis shows the changes in Net Position for the years ended June 30, 2019 and 2018.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
Revenues:						
Program revenues:						
Charges for services	\$ 330,354	\$ 344,689	\$ 142,043	\$ 178,051	\$ 472,397	\$ 522,740
Operating grants and contributions	1,108,016	881,521	--	--	1,108,016	881,521
General revenues:						
Fees for services	4,800	4,800	--	--	4,800	4,800
Interest income	4,964	7,136	310	481	5,274	7,617
On-behalf payments	924,607	669,453	--	--	924,607	669,453
Total revenues	<u>2,372,741</u>	<u>1,907,599</u>	<u>142,353</u>	<u>178,532</u>	<u>2,515,094</u>	<u>2,086,131</u>
Expenses:						
Salaries	782,535	744,640	32,175	31,800	814,710	776,440
Benefits	72,629	62,350	2,411	2,517	75,040	64,867
Pension expense	370,515	18,047	(5,052)	(338)	365,463	17,709
OPEB expense	48,472	35,395	--	--	48,472	35,395
Purchased services	250,366	193,338	34,384	62,445	284,750	255,783
Supplies and materials	52,404	38,488	9,956	8,056	62,360	46,544
Capital outlay	9,288	11,065	--	--	9,288	11,065
Miscellaneous	2,528	2,580	1,627	1,577	4,155	4,157
Depreciation	--	--	2,869	2,958	2,869	2,958
On-behalf payments	924,607	669,453	--	--	924,607	669,453
Intergovernmental:						
Payments to other governmental units	14,812	35,518	--	--	14,812	35,518
Total expenses	<u>2,528,156</u>	<u>1,810,874</u>	<u>78,370</u>	<u>109,015</u>	<u>2,606,526</u>	<u>1,919,889</u>
Income (loss) before transfers	(155,415)	96,725	63,983	69,517	(91,432)	166,242
Transfers	--	--	--	--	--	--
Change in Net Position	<u>(155,415)</u>	<u>96,725</u>	<u>63,983</u>	<u>69,517</u>	<u>(91,432)</u>	<u>166,242</u>
Net Position, beginning as originally reported	853,252	196,522	180,369	244,352	1,033,621	440,874
Cumulative effect of prior period adjustment due to GASB 75	(501,315)	--	--	--	(501,315)	--
Net Position, beginning as restated	<u>351,937</u>	<u>196,522</u>	<u>180,369</u>	<u>244,352</u>	<u>532,306</u>	<u>440,874</u>
Net Position, ending, as restated	<u>\$ 196,522</u>	<u>\$ 293,247</u>	<u>\$ 244,352</u>	<u>\$ 313,869</u>	<u>\$ 440,874</u>	<u>\$ 607,116</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Governmental Activities**

Revenues for governmental activities were \$1,907,599 and expenses were \$1,810,874. Total governmental activities revenues decreased by \$465,142. This was a result of the discontinuation of the STEM Math and Science grant and the Foundational Services SSOS grant, which resulted in a loss of \$180,715 in revenue. The remainder of the decrease was a decrease in On-Behalf payments of \$255,155. FY 2018 was the last reporting year for the STEM Math and Science grants, and FY 2019 was the last reporting year for SSOS Foundational Services. Expenses for governmental activities decreased by \$717,282. This was also a result of the decrease in revenues as well as the On-Behalf payments.

**Business-Type Activities**

Revenues for business-type activities were \$178,532 and expenditures were \$109,015. The increase in revenue is attributed to the large increase in revenue for Workshops, as well as slight increases in revenue for LaSalle County Area Purchasing Coop, Excellence in Education, and Criminal Background funds. The expenses increased significantly, mostly due to the increase in purchased services paid from the Workshop fund. This increase relates to the increase in Workshop Revenue. The ROE was paid for several new workshops, which in turn increased the professional service expenses related to the presenters of these workshops.

**Financial Analysis of the ROE Funds**

As previously noted, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$1,361,212.

**Governmental Fund Highlights**

- The FY 2019 grant revenues remained fairly consistent from the prior year. Due to timing issues in receiving the grant funds, and the state of the budget crisis in Illinois, \$13,535 of the grant funds were considered unavailable and have not been received in a timely manner.
- LaSalle County support for the Regional Office of Education No. 35 decreased by approximately 3%. Marshall and Putnam Counties were absorbed into Regional Office of Education No. 35 on July 1, 2015. These counties are invoiced monthly for a share of the cost of various service and personnel, such as Professional Development, truancy officers, and technology coordinators. Putnam County paid a total of \$14,075 in FY 2019. Marshall County paid a total of \$19,246 in FY 2019.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Proprietary Fund Highlights**

Total proprietary fund net position increased by \$69,517 (28%). The net increase in the proprietary funds is attributed to the increased revenue in Workshop, LaSalle County Area Purchasing Coop, Excellence in Education, and Criminal Background.

**Fiduciary Fund Highlights**

There was a decrease of \$158,563 (3%) in distributive fiduciary funds additions for FY 2019. In FY 2019, there were 3 remaining units that receive their payments through the ROE. Transactions during FY 2019 represent mainly transfers in and out of funds for the Distributive Fund.

**Budgetary Highlights**

The ROE annually prepares budgets for several funds which serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the LaSalle County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the ROE and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Additionally, all ROE funds are reported to the Advisory Board.

**Capital Assets**

The ROE's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE maintains an inventory of capital assets which have been accumulated over time. For FY 2019, there were no capital purchases meeting the capitalization threshold.

The total Depreciation expense for FY 2019 was \$2,958. Accumulated Depreciation through FY 2019 amounted to \$7,884.



**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Economic Factors and Next Year's Budget**

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

- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained level for FY 2019, and are predicted to remain level for FY 2020. Marshall and Putnam Counties have been paying a monthly invoice, amounting to a total of approximately \$33,000 annually, to the Regional Office for ROE services. Even with these additional funds, covering expenditures from ROE/ISC grant dollars is nearly impossible. As a result, ROE Service obligations will have to be met and funded with other sources of revenue such as Workshops or the Purchasing Coop. With the state government budget troubles and untimely grant payments, the FY 2020 funding status of the ROE/ISC grant remains unknown.
- General State Aid is calculated through an Evidence-Based Funding Model with intent to fund the ROE Safe School program at an adequate amount. A hold harmless calculation for the past two years of Evidence Based Funding calculation funded the program at \$310,964.82. The third year, FY 2020, will see an increase of \$35,964.44. With this additional funding, our Safe School is determined by ISBE to be at 55% adequacy funding.
- County Board support for Regional Office of Education No. 35 will be reduced by \$1,000 for FY 2020. Funding by Putnam and Marshall Counties will remain level.

**Contacting the ROE's Financial Management**

This financial report is designed to provide the ROE's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 35 at 119 W. Madison St., Room No. 102, Ottawa, IL 61350.

## **BASIC FINANCIAL STATEMENTS**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 989,791	\$ 271,565	\$ 1,261,356
Investments	371,109	26,134	397,243
Accounts receivable	20	15	35
Prepaid expenses	3,820	171	3,991
Due from other governmental units	44,457	490	44,947
Total current assets	<u>1,409,197</u>	<u>298,375</u>	<u>1,707,572</u>
<b>Noncurrent assets</b>			
Capital assets, net	-	8,336	8,336
Total noncurrent assets	<u>-</u>	<u>8,336</u>	<u>8,336</u>
<b>TOTAL ASSETS</b>	<u>1,409,197</u>	<u>306,711</u>	<u>1,715,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	837,915	43,535	881,450
Deferred outflows related to OPEB	53,761	-	53,761
Total deferred outflows of resources	<u>891,676</u>	<u>43,535</u>	<u>935,211</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	28,744	-	28,744
Due to other governmental units	5,706	-	5,706
Unearned revenues	-	7,639	7,639
Total current liabilities	<u>34,450</u>	<u>7,639</u>	<u>42,089</u>
<b>Noncurrent liabilities</b>			
Net pension liability	111,369	16,648	128,017
OPEB liabilities	513,374	-	513,374
Total noncurrent liabilities	<u>624,743</u>	<u>16,648</u>	<u>641,391</u>
<b>TOTAL LIABILITIES</b>	<u>659,193</u>	<u>24,287</u>	<u>683,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,259,327	12,090	1,271,417
Deferred inflows related to OPEB	89,106	-	89,106
Total deferred inflows of resources	<u>1,348,433</u>	<u>12,090</u>	<u>1,360,523</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	8,336	8,336
Unrestricted	58,893	305,533	364,426
Restricted - other	234,354	-	234,354
<b>TOTAL NET POSITION</b>	<u>\$ 293,247</u>	<u>\$ 313,869</u>	<u>\$ 607,116</u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary government</b>						
<b>Governmental activities:</b>						
<b>Instructional services</b>						
Salaries	\$ 744,640	\$ 172,982	\$ 437,791	\$ (133,867)	\$ -	\$ (133,867)
Benefits	62,350	14,484	36,802	(11,064)	-	(11,064)
Pension expense	18,047	84,932	225,392	292,277	-	292,277
OPEB expense	35,395	17,400	46,390	28,395	-	28,395
Purchased services	193,338	44,173	112,047	(37,118)	-	(37,118)
Supplies and materials	38,488	7,549	17,665	(13,274)	-	(13,274)
Capital outlay	11,065	2,570	3,836	(4,659)	-	(4,659)
Miscellaneous	2,580	599	1,598	(383)	-	(383)
<b>Intergovernmental</b>						
Payments to other governmental units	35,518	-	-	(35,518)	-	(35,518)
<b>Administrative</b>						
On-behalf payments	669,453	-	-	(669,453)	-	(669,453)
<b>Total governmental activities</b>	<u>1,810,874</u>	<u>344,689</u>	<u>881,521</u>	<u>(584,664)</u>	<u>-</u>	<u>(584,664)</u>
<b>Business-type activities:</b>						
Professional development	109,015	178,051	-	-	69,036	69,036
<b>Total business-type activities</b>	<u>109,015</u>	<u>178,051</u>	<u>-</u>	<u>-</u>	<u>69,036</u>	<u>69,036</u>
<b>Total primary government</b>	<u>\$ 1,919,889</u>	<u>\$ 522,740</u>	<u>\$ 881,521</u>	<u>(584,664)</u>	<u>69,036</u>	<u>(515,628)</u>
General revenues:						
				4,800	-	4,800
				7,136	481	7,617
				669,453	-	669,453
				<u>681,389</u>	<u>481</u>	<u>681,870</u>
				96,725	69,517	166,242
				196,522	244,352	440,874
				<u>\$ 293,247</u>	<u>\$ 313,869</u>	<u>\$ 607,116</u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 860,470	\$ 10,598	\$ 44,709	\$ 34,242	\$ 39,772	\$ 989,791
Investments	260,500	-	73,111	-	37,498	371,109
Accounts receivable	-	-	-	-	20	20
Prepaid expenses	3,820	-	-	-	-	3,820
Due from other funds	27,972	-	-	-	-	27,972
Due from other governmental units	10,093	34,304	-	-	60	44,457
Total assets	<u>1,162,855</u>	<u>44,902</u>	<u>117,820</u>	<u>34,242</u>	<u>77,350</u>	<u>1,437,169</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>\$ 1,162,855</u>	<u>\$ 44,902</u>	<u>\$ 117,820</u>	<u>\$ 34,242</u>	<u>\$ 77,350</u>	<u>\$ 1,437,169</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 22,462	\$ 6,282	\$ -	\$ -	\$ -	\$ 28,744
Due to other funds	-	27,972	-	-	-	27,972
Due to other governmental units	-	5,706	-	-	-	5,706
Total liabilities	<u>22,462</u>	<u>39,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,422</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	13,535	-	-	-	13,535
<b>FUND BALANCES</b>						
Nonspendable	3,820	-	-	-	-	3,820
Restricted	-	4,942	117,820	34,242	77,350	234,354
Assigned	407,835	-	-	-	-	407,835
Unassigned	728,738	(13,535)	-	-	-	715,203
Total fund balances (deficit)	<u>1,140,393</u>	<u>(8,593)</u>	<u>117,820</u>	<u>34,242</u>	<u>77,350</u>	<u>1,361,212</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>						
	<u>\$ 1,162,855</u>	<u>\$ 44,902</u>	<u>\$ 117,820</u>	<u>\$ 34,242</u>	<u>\$ 77,350</u>	<u>\$ 1,437,169</u>

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2019**

**EXHIBIT D**

Total fund balances - governmental funds \$ 1,361,212

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

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

Truants Alternative Programs	13,535	
		13,535

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:

Deferred outflows of resources	891,676	
Deferred inflows of resources	(1,348,433)	(456,757)

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

Net pension liability		(111,369)
OPEB liabilities		(513,374)

Net position of governmental activities \$ 293,247

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ -	\$ 150,114	\$ -	\$ -	\$ -	\$ 150,114
State sources	310,965	394,349	-	-	1,378	706,692
Local sources	313,190	-	27,915	28,000	8,387	377,492
Interest	5,300	-	1,205	-	631	7,136
On-behalf payments	-	550,453	-	-	-	550,453
Total revenues	629,455	1,094,916	29,120	28,000	10,396	1,791,887
<b>EXPENDITURES</b>						
Instructional services:						
Salaries	319,829	387,045	37,766	-	-	744,640
Benefits	14,254	45,168	2,928	-	-	62,350
Pension expenditures	3,794	5,724	1,682	-	-	11,200
OPEB expenditures	16,908	1,521	-	-	-	18,429
Purchased services	92,764	48,187	9,239	37,097	6,051	193,338
Supplies and materials	20,957	11,474	3,976	2,000	81	38,488
Miscellaneous	240	2,340	-	-	-	2,580
On-behalf payments	-	550,453	-	-	-	550,453
Intergovernmental:						
Payments to other governmental units	-	35,518	-	-	-	35,518
Capital outlay	5,471	723	4,871	-	-	11,065
Total expenditures	474,217	1,088,153	60,462	39,097	6,132	1,668,061
<b>NET CHANGE IN FUND BALANCES</b>	155,238	6,763	(31,342)	(11,097)	4,264	123,826
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	985,155	(15,356)	149,162	45,339	73,086	1,237,386
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 1,140,393	\$ (8,593)	\$ 117,820	\$ 34,242	\$ 77,350	\$ 1,361,212

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 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, 2019**

**EXHIBIT F**

Net change in fund balances	\$	123,826
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
Current years unavailable revenue	13,535	
Prior year unavailable revenue	<u>(16,822)</u>	(3,287)
<p>Governmental funds report employer pension contributions as pension expenditures. Employer pension contributions made after the measurement date are deferred on the Statement of Activities.</p>		
		5,532
<p>Governmental funds report employer OPEB contributions as OPEB expenditures. Employer OPEB contributions made after the measurement date are deferred on the Statement of Activities.</p>		
		3,393
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension expense (net of employer pension contributions not deferred)		(12,379)
OPEB expense		<u>(20,360)</u>
Change in net position of governmental activities	\$	<u><u>96,725</u></u>

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



LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

EXHIBIT G

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Criminal Background	Excellence in Education	Nonmajor Proprietary Funds	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 52,832	\$ 144,193	\$ 48,593	\$ 8,765	\$ 17,182	\$ 271,565
Investments	-	26,134	-	-	-	26,134
Accounts receivable	15	-	-	-	-	15
Prepaid expenses	171	-	-	-	-	171
Due from other governmental units	490	-	-	-	-	490
Total current assets	53,508	170,327	48,593	8,765	17,182	298,375
<b>Noncurrent assets</b>						
Equipment, net	4,675	-	3,661	-	-	8,336
Total noncurrent assets	4,675	-	3,661	-	-	8,336
<b>TOTAL ASSETS</b>	<b>58,183</b>	<b>170,327</b>	<b>52,254</b>	<b>8,765</b>	<b>17,182</b>	<b>306,711</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	-	43,535	-	-	-	43,535
Total deferred outflows of resources	-	43,535	-	-	-	43,535
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Unearned revenues	-	7,639	-	-	-	7,639
Total current liabilities	-	7,639	-	-	-	7,639
<b>Noncurrent liabilities</b>						
Net pension liability	-	16,648	-	-	-	16,648
Total noncurrent liabilities	-	16,648	-	-	-	16,648
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>24,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,287</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	-	12,090	-	-	-	12,090
Total deferred inflows of resources	-	12,090	-	-	-	12,090
<b>NET POSITION</b>						
Unrestricted	53,508	177,485	48,593	8,765	17,182	305,533
Net investment in capital assets	4,675	-	3,661	-	-	8,336
<b>TOTAL NET POSITION</b>	<b>\$ 58,183</b>	<b>\$ 177,485</b>	<b>\$ 52,254</b>	<b>\$ 8,765</b>	<b>\$ 17,182</b>	<b>\$ 313,869</b>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT H

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Criminal Background	Excellence in Education	Nonmajor Proprietary Funds	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 57,554	\$ 83,567	\$ 15,385	\$ 18,445	\$ 3,100	\$ 178,051
<b>OPERATING EXPENSES</b>						
Salaries	-	31,800	-	-	-	31,800
Benefits	-	2,517	-	-	-	2,517
Pension expense (income)	-	(338)	-	-	-	(338)
Purchased services	35,137	10,926	1,829	14,399	154	62,445
Supplies and materials	855	4,231	39	1,007	1,924	8,056
Miscellaneous	854	723	-	-	-	1,577
Depreciation	2,244	-	714	-	-	2,958
Total operating expenses	39,090	49,859	2,582	15,406	2,078	109,015
<b>OPERATING INCOME (LOSS)</b>	18,464	33,708	12,803	3,039	1,022	69,036
<b>NONOPERATING REVENUES</b>						
Interest income	426	55	-	-	-	481
<b>CHANGE IN NET POSITION</b>	18,890	33,763	12,803	3,039	1,022	69,517
<b>NET POSITION, BEGINNING OF YEAR</b>	39,293	143,722	39,451	5,726	16,160	244,352
<b>NET POSITION, END OF YEAR</b>	\$ 58,183	\$ 177,485	\$ 52,254	\$ 8,765	\$ 17,182	\$ 313,869

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT I

	Business Type Activities - Enterprise Funds					
	Workshop	LaSalle County Area Purchasing Coop.	Criminal Background	Excellence in Education	Nonmajor Proprietary Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts for workshops and services	\$ 60,224	\$ 81,247	\$ 15,385	\$ 18,445	\$ 3,100	\$ 178,401
Payments to employees	-	(31,800)	-	-	-	(31,800)
Payments to suppliers and providers of goods and services	(36,406)	(19,753)	(1,868)	(15,406)	(2,078)	(75,511)
Net cash provided by (used in) operating activities	23,818	29,694	13,517	3,039	1,022	71,090
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of Investments	-	(55)	-	-	-	(55)
Interest	426	55	-	-	-	481
Net cash provided by investing activities	426	-	-	-	-	426
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	24,244	29,694	13,517	3,039	1,022	71,516
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	28,588	114,499	35,076	5,726	16,160	200,049
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 52,832	\$ 144,193	\$ 48,593	\$ 8,765	\$ 17,182	\$ 271,565
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 18,464	\$ 33,708	\$ 12,803	\$ 3,039	\$ 1,022	\$ 69,036
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,244	-	714	-	-	2,958
Effects of changes in assets, deferred outflows, liabilities and deferred inflows:						
Accounts receivable	1,485	-	-	-	-	1,485
Due from other governmental units	1,185	-	-	-	-	1,185
Prepaid expenses	440	-	-	-	-	440
Net pension asset	-	12,319	-	-	-	12,319
Net pension liability	-	16,648	-	-	-	16,648
Deferred outflows of resources	-	(21,222)	-	-	-	(21,222)
Unearned revenues	-	(2,320)	-	-	-	(2,320)
Deferred inflows of resources	-	(9,439)	-	-	-	(9,439)
Net cash provided by (used in) operating activities	\$ 23,818	\$ 29,694	\$ 13,517	\$ 3,039	\$ 1,022	\$ 71,090

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019**

**EXHIBIT J**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 21</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>\$ 21</u>

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

The accounting policies of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

A. Reporting Entity

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) operates under the School Code (105 ILCS 5/3 and 5/3A). The ROE encompasses LaSalle, Marshall, and Putnam Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the region and is elected to the position for a four year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The Regional Superintendent is responsible for the supervision and control of the school districts. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

B. Scope of the Reporting Entity

The ROE's reporting entity includes all related organizations for which the ROE exercises oversight responsibility. The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the ROE 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 ROE has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. New Accounting Pronouncements

Effective July 1, 2018, the ROE adopted the following accounting pronouncements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The ROE adopted these pronouncements during the fiscal year ended June 30, 2019. Neither of these had a significant impact on the ROE's financial statements.

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by operating revenues which include amounts assessed or received from local sources for the ROE programs.

The Statement of Net Position presents the ROE's nonfiduciary assets and liabilities (and deferred inflows and outflows of resources, if any) with the differences reported as Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual funds are reported as separate columns in the fund financial statements.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund financial statements of the ROE are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. The ROE's funds are organized into three major categories: governmental, proprietary, and fiduciary funds.

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

The government-wide, the proprietary fund, and the fiduciary fund 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 provider have been met. Operating revenues of proprietary funds include amounts assessed or received from local sources for the ROE programs. Non-operating revenue includes interest earned on cash deposit accounts.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The ROE considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. 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 essentially two types of these revenues. In one, monies must be expended before any amounts will be reimbursed; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time that all eligibility requirements imposed by the provider have been met unless the resources are not measurable or available as described above.

When restricted, committed, assigned and unassigned resources are available for use, it is the ROE's policy to use restricted resources first, and then committed, assigned and finally unassigned resources as they are needed.

The ROE records on-behalf payments made by the State and LaSalle County for salaries and benefits (including the Teachers' Retirement System or the Illinois Municipal Retirement Fund, as applicable) as revenues and expenditures.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

F. Fund Accounting

The accounts of the ROE are organized on the basis of funds. The ROE maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

G. Governmental Fund Types

Governmental Funds are those through which most governmental functions of the ROE are financed. The acquisition, use and balances of the ROE's expendable financial resources and the related liabilities are accounted for through governmental funds.

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

General - to account for the general operating fund. It has been used to record expenditures in connection with general administration activities.

RSSP Student - to account for monies received for assistance in funding shortfalls for student activities.

Title II - Teacher Quality (from schools) - to account for the administration of monies from various local schools to be used for the Title II – Teacher Quality programs.

Marshall and Putnam County Funding - to account for monies billed and received from Marshall and Putnam counties relating to the shared services of the technology director, truancy officers, and licensure personnel.

General State Aid - to account for grant monies received for, and payment of, expenditures for regional learning academy supplements.



**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE reported the following special revenue funds as major governmental funds.

Education - to account for State and Federal grant monies received for, and payment of, administering numerous grant awards which include:

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

Regional Safe Schools - this fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Truants Alternative Programs - to account for grant monies received for, and payment of, providing truancy prevention programming and monitoring truants.

Science Technology Engineering Mathematics (STEM) Science - to account for monies provided by the Federal government to work to improve the science achievement of middle and high school students by increasing teachers' content knowledge and teaching skills and preparing them to deliver robust, research-based learning experiences.

Statewide System of Support (SSOS) American Institutes for Research (AIR) Foundational Services - to account for monies provided by the Federal government for administering the evaluation of trainings and networking opportunities for: Continuous Improvement Planning, English Language Arts, Mathematics, Balanced Assessment, Evaluation trainings, Family Engagement, and networking opportunities.

ROE/ISC Operations - to account for grant monies received for, and payment of, assisting schools in all areas of school improvement.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Workforce Investment Act (WIA) Youth Activities - to account for grant monies received for, and payment of, a dropout recovery program to help low income youth, between the ages of 14 and 21, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood.

Regional Safe School Cooperative Education Program (RSSCEP) - to account for monies from the State of Illinois for expenditures aimed at assisting suspended or expelled youth to become reoriented and motivated through a combination of paid work experience related to existing career opportunities with potential for advancement. The program prepares the student to complete their education by participating in career-related classroom(s) and structure cooperative work experience provided by the private sector.

National School Breakfast Program - to account for grant monies received for, and payment of, expenditures of the program for the National School Breakfast fund.

National School Lunch Program - to account for the grant monies received for, and payment of, expenditures of the program for the National School Lunch fund.

State Free Lunch & Breakfast Program - to account for the proceeds received and expended in the operations of the free lunch and breakfast program.

Teacher Quality-Leadership - to account for monies provided by the Federal government for preparation, certification, licensure, compensation and effectiveness of teachers across the elementary, secondary and special education spectra, concentrating in the area of improving leadership skills.

Institute - to account for the stewardship of the assets held in trust for the benefit of teachers. Fees are collected from registration of teachers' licenses of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Fairmount Minerals Grants - to account for funds received from Fairmount Minerals to promote instructional innovation and nutritional wellness in LaSalle County Schools.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Nonmajor Special Revenue Funds - The ROE reported the following special revenue funds as nonmajor governmental funds:

General Educational Development (GED) - to account for the administration of the GED Testing Program. Revenues are received from testing and diploma fees.

School Bus Driver Training - to account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Annexation and Sales Petition - to account for fees collected for expenditures incurred in publishing and filing petition requests.

H. Proprietary Fund Types

Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and transfers relating to the government's business activities in which changes in net position or cost recovery are measured, are accounted for through proprietary funds (enterprise and internal service funds). Generally accepted accounting principles for proprietary funds are similar to those applicable to businesses in the private sector; the measurement focus is on determining operating income, financial position, and cash flows.

Enterprise Funds - to account for resources from fees charged directly to those entities or individuals that use its services. The ROE reported the following enterprise funds as major proprietary funds.

Workshop - to account for local revenues and disbursements related to various workshops conducted by the ROE which are not accounted for in a separate fund.

LaSalle County Area Purchasing Coop. - to account for maintenance of cooperative purchasing program for the benefit of the ROE's various school districts and other surrounding counties' school districts.

Criminal Background Investigation - to account 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.

Excellence in Education - to account for the fees and local revenues received and related disbursements while performing activities related to the Excellence in Education program.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Nonmajor Proprietary Funds - The ROE reported the following enterprise funds as nonmajor proprietary funds:

Regional Safe School Meals - to account for local revenues and disbursements for the children whose parents can afford to pay either a full or reduced cost of meals.

Evaluation and Training - to account for local revenues received for curriculum mapping and evaluation trainings.

ParaPro - to account for the fees and local revenues received and related disbursements for testing the proficiency of prospective teacher aids.

RSSP Student Activities - to account for funds received for and payment of expenditures to assist with an incentive program for RSSP students through fund raising activities.

**I. Fiduciary Fund Types**

Fiduciary Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals, private organizations, and/or other governments.

Agency Funds are custodial in nature and do not involve measurement of results of operations. The amounts due to school districts and due to other governments are equal to the assets. Agency Funds include Distributive and Payroll.

Distributive - to account for funds received and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general State aid, State categorical grants, and various other sources.

Payroll - to account for all payroll that is incurred. Any fund that has payroll remits the money to the Payroll Fund, the Fund then pays the employee. This is an administrating agent for the ROE's payroll.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

J. Net Position

Net Position of the ROE is classified as follows:

*Net Investment in Capital Assets* – consists of the ROE’s capital assets, net of accumulated depreciation, reduced by the outstanding debt attributable to the acquisition of those assets. There is no outstanding debt related to these assets at this time.

*Restricted Net Position* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted Net Position* – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of *Restricted Net Position* or *Invested in Capital Assets*.

K. Governmental Fund Balances

Fund Balance is the difference between assets plus deferred outflows of resources less the liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedules 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, in either form or through legal restrictions. The nonspendable fund balance reported is for prepaid expenses from General and General State Aid accounts (in the General Fund).

Restricted Fund Balance - the portion of the Governmental Fund’s Net Position that is subject to external enforceable legal restrictions. The following funds’ and accounts’ fund balances are restricted by grant agreements, or contracts: Fairmount Minerals Grants, National School Breakfast Program, National School Lunch Program, and State Free Lunch & Breakfast Program. The following funds’ fund balances are restricted by Illinois statute: Institute, General Educational Development, School Bus Driver Training, and Annexation and Sales Petition.

Committed Fund Balance - the portion of a Governmental Fund’s Net Position with self-imposed constraints or limitations that has been placed at the highest level of decision making. The ROE has no committed fund balances.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Assigned Fund Balance - the portion of a Governmental Fund's Net Position denoted for an intended use of the resources. The accounts with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts' fund balances were assigned: RSSP Student, Title II – Teacher Quality (from Schools), and Marshall and Putnam County Funding.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The accounts with unassigned fund balances are: General and General State Aid, and the negative fund balance for the Truants Alternative Program.

L. Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the ROE must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

M. Budgets and Budgetary Information

The ROE did not formally adopt a budget for the year ended June 30, 2019 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following accounts within the Education Fund: McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative Programs, SSOS AIR Foundational Services, ROE/ISC Operations, RSSCEP, and Teacher Quality – Leadership.

N. Cash and Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the ROE are considered to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

O. Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE to purchase certain obligations of the U.S. Treasury, Federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

P. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are recorded at cost at time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more and intangible assets costing \$25,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to seven years) of the respective assets.

Q. Deferred Outflows of Resources and Deferred Inflows 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 expense until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense or OPEB expense and contributions from the employer after the measurement date but before the end of the reporting period. Deferred inflows of resources include the unamortized portion of the net difference between projected and actual earnings on pension and OPEB plan investments, as well as unavailable revenue that was not collected within sixty days after year-end.

R. 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 in the financial statements. Actual results could differ from those estimates.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

S. Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the ROE'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 ROE's OPEB Plan, and additions to/deductions from the ROE's fiduciary net position have been determined on the same basis as they are reported by the ROE's Plan. For this purpose, the ROE's Plans recognize benefit payments when due and payable in accordance with the benefit terms. For the ROE's Plan described in Note 7, the ROE'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.

T. Compensated Absences

Full-time employees earn up to 20 vacation days for a full year of service. Vacation days must be used by the end of the fiscal year and may not be carried over to the following year. Seasonal and part-time employees do not earn vacation days. No pay for unused vacation days will be received by an employee when they leave the Regional Office of Education No. 35 or at any time during their employment; therefore, no liability is accrued.

U. Inventories

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

In the accompanying financial statements, certificates of deposit are reported as investments because the original maturities of the certificates exceed 90 days. For risk disclosure purposes, those certificates of deposit are deposits. The money market accounts described below are reported as cash equivalents in the accompanying financial statements. For risk disclosure purposes, the money market accounts are investments.

Deposits

The ROE utilizes several different bank accounts for its various activities. The book balance of such accounts is \$1,658,620 at June 30, 2019, while the bank balance was \$1,676,717. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2019. Of the total bank balance as of June 30, 2019, \$711,513 was insured by Federal depository insurance, and the remaining \$965,204 was collateralized by securities pledged by the ROE's financial institution that were held by the financial institution's agent but not in the name of the ROE.



**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2 - DEPOSITS AND INVESTMENTS** (continued)

Investments

As of June 30, 2019, the ROE had investments with carrying and fair values as follows:

Investment Type	Carrying Amount	Fair Value
Illinois Funds Money Market	\$ 14,444	\$ 14,444
	\$ 14,444	\$ 14,444

*Credit Risk*

At June 30, 2019, the Illinois Funds Money Market Fund had a Standard and Poor’s AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235.

*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 investments while maintaining immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

*Fair Value Measurements*

The ROE’s financial instruments consist principally of cash and cash equivalents, including the above mentioned certificates of deposit and money market accounts. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

*Level 1:* Quoted prices in active markets for identical assets or liabilities that the agency has the ability to access.

*Level 2:* Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - DEPOSITS AND INVESTMENTS** (continued)

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The fair value of the ROE's certificates of deposit and money market accounts was determined based on "Level 1" inputs. The valuation techniques used to measure the fair value of the "Level 1" instruments were valued based on quoted market prices from observable market data. The ROE does not have any financial instruments in the "Level 2" or "Level 3" category.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets for the year ended June 30, 2019.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

Governmental Activities

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Equipment	\$ 20,966	\$ -	\$ -	\$ 20,966
Less: accumulated depreciation	20,966	-	-	20,966
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-type Activities

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Equipment	\$ 16,220	\$ -	\$ -	\$ 16,220
Less: accumulated depreciation	4,926	2,958	-	7,884
Capital assets, net	<u>\$ 11,294</u>	<u>\$ (2,958)</u>	<u>\$ -</u>	<u>\$ 8,336</u>

Depreciation expense in the amount of \$2,244 was charged to Workshop and depreciation expense in the amount of \$714 was charged to Criminal Background.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS**

The ROE's Governmental, Proprietary, and Fiduciary Funds have amounts due from/to the following governmental agencies:

DUE FROM OTHER GOVERNMENTAL UNITS	
Illinois State Board of Education	\$ 13,585
Other Regional Offices of Education/Districts	31,362
Total	\$ 44,947
DUE TO OTHER GOVERNMENTAL UNITS	
Regional Office of Education #35	\$ 21
Illinois State Board of Education	5,637
Other Regional Offices of Education/Districts	69
Total	\$ 5,727

**NOTE 5 - INTERFUND TRANSACTIONS**

**(a) Transfers From/To Other Funds**

There were no interfund transfers for the year ended June 30, 2019.

**(b) Due From/To Other Funds**

The following is a summary of amounts due from/to other funds as of June 30, 2019:

Fund	Due From	Due To
General Fund - General State Aid	\$ 27,972	\$ -
Education Fund – McKinney Education for Homeless Children	-	16,607
Education Fund – Truants Alternative Programs	-	7,253
Education Fund – WIA Youth Activities	-	4,112
Total	\$ 27,972	\$ 27,972

These interfund loans were necessitated by the State, governmental units, and/or schools not timely paying their obligations to the ROE (or other entities which in turn paid the ROE). Each of these interfund loans was repaid by the end of November 2019.

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**NOTE 6 - RETIREMENT PLANS**

The ROE's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by the ROE on behalf of the ROE staff employees and grant coordinators. Employees paid by LaSalle County also participate in the Illinois Municipal Retirement Fund and those contributions are paid by LaSalle County. Participation is required for all ROE employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year or 600 hours or more per year for employees who worked for any IMRF employer prior to January 1, 1982;
- b. Are paid on a regular payroll from County or ROE funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another State created retirement system for the same service.

Employees not qualifying above are considered as "nonparticipating employees" and are covered under Social Security.

The Regional Superintendent and Assistant Regional Superintendent of the ROE are paid by the State of Illinois and participate in the Teachers' Retirement System.

**Illinois Municipal Retirement Fund**

**IMRF Plan Description**

The ROE'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 ROE's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this 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 (RSI). 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).

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**NOTE 6 - RETIREMENT PLANS (Continued)**

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, 2018, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	17
Inactive Plan Members entitled to but not yet receiving benefits	34
Active Plan Members	9
Total	60

**Contributions**

As set by statute, the ROE's Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2018 was 5.40%. For the fiscal year ended June 30, 2019, the ROE contributed \$10,213 to the plan. The ROE 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.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

**Net Pension Liability**

The ROE's net pension liability was measured as of December 31, 2018. 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, 2018:

- 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 7.25%.
- **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.
- **Mortality - 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 6 - RETIREMENT PLANS (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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Return 12/31/18</u>	<b>Projected Returns/Risk</b>	
			<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	37%	-6.08%	8.50%	7.15%
International Equities	18%	-14.16%	9.20%	7.25%
Fixed Income	28%	-0.28%	3.75%	3.75%
Real Estate	9%	8.36%	7.30%	6.25%
Alternatives	7%			
Private Equity		N/A	12.40%	8.50%
Hedge Funds		N/A	5.75%	5.50%
Commodities		N/A	4.75%	3.20%
Cash Equivalents	1%	N/A	2.50%	2.50%

**Single Discount Rate**

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability <u>(A)</u></b>	<b>Plan Fiduciary Net Position <u>(B)</u></b>	<b>Net Pension Liability/(Asset) <u>(A) - (B)</u></b>
<b>Balances at December 31, 2017</b>	<b>\$ 1,359,076</b>	<b>\$ 1,463,655</b>	<b>\$ (104,579)</b>
<b>Changes for the year:</b>			
Service Cost	16,075	-	16,075
Interest on the Total Pension Liability	99,021	-	99,021
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	23,925	-	23,925
Changes of Assumptions	36,762	-	36,762
Contributions - Employer	-	11,521	(11,521)
Contributions - Employees	-	9,849	(9,849)
Net Investment Income	-	(100,938)	100,938
Benefit Payments, including Refunds of Employee Contributions	(93,664)	(93,664)	-
Other (Net Transfer)	-	35,822	(35,822)
Net Changes	<u>82,119</u>	<u>(137,410)</u>	<u>219,529</u>
<b>Balances at December 31, 2018</b>	<b><u>\$ 1,441,195</u></b>	<b><u>\$ 1,326,245</u></b>	<b><u>\$ 114,950</u></b>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, 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 <u>(6.25%)</u></b>	<b>Current Discount <u>(7.25%)</u></b>	<b>1% Higher <u>(8.25%)</u></b>
<b>Net Pension Liability/(Asset)</b>	<b>\$ 280,607</b>	<b>\$ 114,950</b>	<b>\$ (22,496)</b>



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**NOTE 6 - RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2019, the ROE recognized pension expense of \$17,149. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<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	\$ 23,392	\$ -
Changes of assumptions	15,531	7,379
Net difference between projected and actual earnings on pension plan investments	<u>258,237</u>	<u>76,098</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>297,160</u>	<u>83,477</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>3,687</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 300,847</u></b>	<b><u>\$ 83,477</u></b>

\$3,687 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2020.

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	\$ 98,262
2020	57,050
2021	16,503
2022	41,868
2023	-
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ 213,683</u></b>

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**NOTE 6 - RETIREMENT PLANS (Continued)**

**Teachers' Retirement System of the State of Illinois**

**General Information about the Pension Plan**

**Plan Description**

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

**Benefits Provided**

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

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

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

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**NOTE 6 - RETIREMENT PLANS** (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

**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, 2018 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

- **On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2019, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of \$84,067 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, 2019 were \$2,139, and are deferred because they were paid after the June 30, 2018 measurement date.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE 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.

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**NOTE 6 - RETIREMENT PLANS** (Continued)

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$2,064 were paid from federal and special trust funds that required employer contributions of \$203. These contributions are deferred because they were paid after the June 30, 2018 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 employer is 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. Additionally, beginning with the year ended June 30, 2019, the ROE will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$0 for salary increases in excess of 3 percent, and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2019, the ROE 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 ROE. The state’s support and total are for disclosure purposes only. The amount recognized by the ROE 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 ROE were as follows:

ROE’s proportionate share of the net pension liability	\$13,067
State’s proportionate share of the net pension liability associated with the ROE	<u>895,124</u>
<b>Total</b>	<b><u>\$908,191</u></b>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The ROE’s proportion of the net pension liability was based on the ROE’s share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2018, the ROE’s proportion was 0.0000167640 percent, which was a decrease of 0.0019080825 from its proportion measured as of June 30, 2017.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

For the year ended June 30, 2019, the ROE recognized pension expense of \$84,067 and revenue of \$84,067 for support provided by the state. For the year ended June 30, 2019, the ROE recognized pension expense of \$561. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 263	\$ 3
Net difference between projected and actual earnings on pension plan investments	-	40
Changes of assumptions	573	370
Changes in proportion and differences between employer contributions and proportionate share of contributions	577,425	1,187,527
Employer contributions subsequent to the measurement date	<u>2,342</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 580,603</u></b>	<b><u>\$ 1,187,940</u></b>

\$2,342 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2020	\$ (15,584)
2021	(34,687)
2022	(191,637)
2023	(250,994)
2024	<u>(116,777)</u>
<b>Total</b>	<b><u>\$ (609,679)</u></b>

**Actuarial assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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**NOTE 6 - RETIREMENT PLANS** (Continued)

In the June 30, 2018 actuarial valuation, 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-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-Year) 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U.S. bonds high yield	4.2%	4.4%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Real return	4.0%	1.8%
Absolute return	14.0%	3.9%
Private equity	<u>15.0%</u>	10.2%
<b>Total</b>	<b><u>100%</u></b>	

**Discount rate**

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. 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, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
ROE's proportionate share of the net pension liability	\$ 16,025	\$ 13,067	\$ 10,684

**TRS fiduciary net position**

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**Change in Net Pension Liabilities**

The following is a summary of the changes in the ROE's net pension liabilities:

	June 30, 2018	Additions	Deletions	June 30, 2019
Net pension liability/(asset) - IMRF	\$(104,579)	\$219,529	\$ -	\$114,950
Net pension liability – TRS	1,470,547	-	1,457,480	13,067
Total net pension liability	<u>\$1,365,968</u>	<u>\$219,529</u>	<u>\$1,457,480</u>	<u>\$128,017</u>

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS**

**HEALTH INSURANCE**

**Plan Description**

The ROE provides a single-employer defined-benefit postemployment health care plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Eligibility Provisions**

*Full-Time Employees-IMRF*

Tier I IMRF Full-Time Employees:

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

Tier II IMRF Full-Time Employees:

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

**Benefits Provided**

The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with the Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The ROE offers the Medical PPO Plan to full-time IMRF employees and retirees. The following coverage provisions apply:

*Retirees-IMRF*

Pre-65 Coverage: IMRF employees may continue ROE health insurance in retirement; however, they are responsible for paying the full cost of the medical premium. Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage.

Post-65 Coverage: IMRF Retirees are not allowed to remain on ROE health insurance once Medicare eligible. Retirees must seek outside coverage or purchase a Medicare supplement plan from the ROE insurance provider.

**Membership**

As of June 30, 2019, membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	1
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	<u>12</u>
Total	<u>13</u>

Because the data was obtained for a limited-year report, new census data was not collected, but instead the report relied on the census data used in the baseline calculations for the Fiscal Year ending June 30, 2018. The data is assumed to be a reasonable representation of data as of the Measurement Date and may have been collected on or before the Measurement Date.



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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

The above active census include 7 IMRF participants who have waived medical coverage. If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage. The above active census counts also include 5 TRS participants who are not eligible to participate in ROE insurance. They have been included for count purposes but are creating no liability for ROE.

**Funding Policy and Contributions**

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

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

The contributions of \$15,036 from Other ROE Resources and Benefit Payments of \$15,036 from Other ROE Resources refers to contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

**Total OPEB Liability**

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2019 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

**Actuarial Assumptions**

The following are the significant assumptions used:

- The **Discount Rate used for the Total OPEB Liability** was Beginning of Year 3.87% and End of Year 3.50%.
- The **Long-Term Expected Rate of Return on Plan Assets** is not applicable as the OPEB obligation is unfunded.
- The **High Quality 20 Year Tax-Exempt G.O. Bond Rate** used was Beginning of Year 3.87% and End of Year 3.50%.
- The **Salary Increase** assumption of 2.50% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
- For **Annual Blended Premiums**, premiums charged for coverage of retiree and spouse under age 65 are \$8,920 and \$8,920 respectively. These premiums are the same for retirees and spouses over the age of 65.
- For **Healthcare Trend Rates**, the initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, the trend starts at 7.70% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
- The **Retiree Contribution Rates** are the same as the Healthcare Trend Rates.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

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

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

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are no participants impacted by this assumption.

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

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

**Assumption Changes**

The assumptions were changed from the prior year.

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.87% to 3.50% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year End based on changes in market conditions as reflected in the Index. The change was made to reflect understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the ROE does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.87% to 3.50%.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

**Discount Rate**

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

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

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

**Municipal Bond Rate**

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 27, 2019 rate. The 20-Bond GO Index is based on the average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

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

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Changes in the Total OPEB Liability**

	<b>OPEB Liability (A)</b>	<b>OPEB Plan Net Position (B)</b>	<b>Total OPEB Liability/(Asset) (A) - (B)</b>
<b>Balances at July 1, 2018</b>	\$ 25,560	\$ -	\$ 25,560
<b>Changes for the year:</b>			
Service Cost	527	-	527
Interest	698	-	698
Actuarial Experience	-	-	-
Assumption Changes	527	-	527
Contributions - Employer	-	15,036	(15,036)
Contributions - Employees	-	-	-
Contributions- Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(15,036)	(15,036)	-
Administrative Expense	-	-	-
Net Changes	<u>(13,284)</u>	<u>-</u>	<u>(13,284)</u>
<b>Balances at June 30, 2019</b>	<b><u>\$ 12,276</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,276</u></b>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the ROE's total OPEB liability calculated using a discount rate of 3.50%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
ROE's proportionate share of the collective total OPEB liability	\$ 14,036	\$ 12,276	\$ 10,876

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the ROE'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 1% lower or higher than the current healthcare cost trend rates. The key trend rates are 7.40% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare and post-Medicare coverage.

	<b>1% Decrease (Varies)</b>	<b>Healthcare Cost Trend Rates (Varies)</b>	<b>1% Increase (Varies)</b>
ROE's total OPEB liability	\$ 10,343	\$ 12,276	\$ 14,680

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

For the year ended June 30, 2019, the ROE recognized OPEB expense of \$1,247. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Deferred Amounts Related to OPEB</b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	505	-
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>-</u>
Total Deferred Amounts to be recognized in OPEB expense in future periods	-	-
<i>OPEB Contributions made subsequent to the Measurement Date*</i>	<u>-</u>	<u>-</u>
<b>Total Deferred Amounts Related to OPEB</b>	<b><u><u>\$ 505</u></u></b>	<b><u><u>\$ -</u></u></b>

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

<b>Year Ending <u>June 30,</u></b>	<b><u>Net Deferred Outflows / (Inflows) of Resources</u></b>
2020	\$ 22
2021	22
2022	22
2023	22
2024	22
Thereafter	<u>395</u>
<b>Total</b>	<b><u><u>\$ 505</u></u></b>

Due to the nature of limited-year reporting, the only change in the total OPEB liability related to changes in assumptions is based on the change in the assumed discount rate.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

**TEACHERS' HEALTH INSURANCE SECURITY FUND (THIS)**

**THIS Plan Description**

The ROE 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 postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**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 the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires 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.

**Contributions**

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

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. For the year ended June 30, 2019, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net OPEB liability associated with the ROE, and recognized revenue and expenditures of \$34,933 in OPEB contributions from the State of Illinois.

• **Employer contributions to the THIS Fund**

The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .92 percent during the year ended June 30, 2019 and .88 and .84 percent during the years ended June 30, 2018 and June 30, 2017, respectively. For the year ended June 30, 2019, the ROE paid \$3,393 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2018 and June 30, 2017, the ROE paid \$4,048 and \$3,783, respectively, which was 100 percent of the required contributions.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

**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.”

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

At June 30, 2019, the ROE reported a liability for its proportionate share of the collective net OPEB liability (first amount shown below) that reflected a reduction for State OPEB support provided to the ROE. The state’s support and total are for disclosure purposes only. The amount recognized by the ROE as its proportionate share of the collective net OPEB liability, the related state support, and the total portion of the collective net OPEB liability that was associated with the ROE were as follows:

ROE’s proportionate share of the collective net OPEB liability	\$ 501,098
State’s proportionate share of the collective net OPEB liability associated with the ROE	<u>672,903</u>
<b>Total</b>	<b><u>\$ 1,174,001</u></b>

The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2017 but was rolled forward to the June 30, 2018 measurement date. The ROE’s proportion of the collective net OPEB liability was based on a projection of the ROE’s long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE, actuarially determined. At June 30, 2018, the ROE’s proportion was 0.001902 percent, which was a decrease of 0.000056 from its proportion measured as of June 30, 2017 (0.001958 percent).

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

For the year ended June 30, 2019, the ROE recognized OPEB expense of \$34,933 and revenue of \$34,933 for support provided by the State. For the year ended June 30, 2019, the ROE recognized OPEB expense of \$33,783. At June 30, 2019, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,798
Net difference between projected and actual earnings on OPEB plan investments	-	15
Changes of assumptions	-	72,968
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,863	14,325
Employer contributions subsequent to the measurement date	<u>3,393</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 53,256</u></b>	<b><u>\$ 89,106</u></b>

\$3,393 reported as deferred outflows of resources related to OPEB resulting from ROE contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows in these reporting years:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2020	\$ (6,076)
2021	(6,076)
2022	(6,076)
2023	(6,076)
2024	(6,072)
Thereafter	<u>(8,867)</u>
<b>Total</b>	<b><u>\$ (39,243)</u></b>



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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

**Actuarial assumptions**

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

<b>Inflation</b>	2.75%
<b>Salary increases</b>	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.
<b>Investment rate of return</b>	0 percent, net of OPEB plan investment expense, including inflation for all plan years.
<b>Healthcare cost trend rates</b>	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.

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

The actuarial assumptions used in the June 30, 2017 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 were 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 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

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

The following presents the ROE's proportionate share of the collective net OPEB liability calculated using the discount rate of 3.62 percent, 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 (2.62 percent) or 1 percentage point higher (4.62 percent) than the current discount rate:

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
ROE's proportionate share of the collective net OPEB liability	\$ 602,514	\$ 501,098	\$ 421,040

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

The following presents the ROE's proportionate share of the collective net OPEB liability as of June 30, 2018, 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 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	<b>1% Decrease<sup>a</sup></b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase<sup>b</sup></b>
ROE's proportionate share of the collective net OPEB liability	\$ 406,310	\$ 501,098	\$ 628,802

<sup>a</sup> One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.86% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

<sup>b</sup> One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for Non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

**THIS Fiduciary Net Position**

Detailed information about the THIS Fund fiduciary net position as of June 30, 2018 is available in the separately issued THIS Financial Report.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Changes in OPEB Liabilities**

The following is a summary of the changes in the ROE's OPEB liabilities:

	June 30, 2018	Additions	Deletions	June 30, 2019
Total OPEB liability - IMRF	\$ 25,560	\$ -	\$ 13,284	\$ 12,276
Net OPEB liability – THIS	508,073	-	6,975	501,098
Total OPEB liabilities	<u>\$ 533,633</u>	<u>\$ -</u>	<u>\$ 20,259</u>	<u>\$ 513,374</u>

**NOTE 8 - COMMON BANK ACCOUNT**

The ROE maintains several bank accounts. The various funds of the ROE are comingled in these accounts but accounted for in separate funds.

**NOTE 9 - INTEREST ON DISTRIBUTIVE FUND**

Interest earned on distributive fund receipts is transferred after the end of each fiscal year to the General Fund by the written consent of all affected school boards and other entities. The funds are utilized by the Regional Superintendent to purchase computer equipment, develop in-service activities and other innovative programs, as well as assist with the necessary operating expenses of the ROE office.

**NOTE 10 - ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS**

The salaries and benefits of the Superintendent and Assistant Superintendent of the ROE are paid for by the State of Illinois. Teachers' Retirement System (TRS) contributions for the Superintendent, Assistant Superintendent, and qualifying employees of the ROE are paid by the State of Illinois, in accordance with applicable State of Illinois Law. Teachers' Health Insurance Security (THIS) contributions for qualifying employees are paid by the State of Illinois, in accordance with applicable State of Illinois Law. Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education.

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**NOTE 10 - ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS** (continued)

The breakdown of the State of Illinois on-behalf payments is as follows:

Regional Superintendent (RS) salary	\$ 117,600
Regional Superintendent benefits (includes State paid insurance)	35,517
Assistant Regional Superintendent (ARS) salary	105,840
Assistant Regional Superintendent benefits (includes State paid insurance)	6,705
TRS contributions for RS & ARS & THIS contributions for ROE employees	<u>22,009</u>
Subtotal on-behalf payments by the State of Illinois	<u>\$ 287,671</u>

As discussed in Note 6, the ROE also recognized \$84,067 of on-behalf payments for the ROE's share of the State's TRS pension expense. As discussed in Note 7, the ROE also recognized \$34,933 of on-behalf payments for the ROE's share of the State's THIS OPEB expense.

Subtotal on-behalf payments by the State of Illinois	\$ 287,671
ROE's share of TRS pension expense	84,067
ROE's share of OPEB expense	<u>34,933</u>
Total on-behalf payments by the State of Illinois	<u>\$ 406,671</u>

Salaries and benefits of five ROE employees are paid for by LaSalle County. There are two Truant Officers and three clerical personnel.

The breakdown of the LaSalle County on-behalf payments is as follows:

Truant Officer salaries	\$ 78,709
Truant Officer benefits	23,979
Clerical salaries	100,896
Clerical benefits	<u>59,198</u>
Total on-behalf payments by LaSalle County	<u>\$ 262,782</u>

Salary and benefit data for the Truant Officers and the clerical staff were calculated based on data provided by LaSalle County Board.

**NOTE 11 - OTHER DISCLOSURES**

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

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**NOTE 11 - OTHER DISCLOSURES** (continued)

A. The following fund/account had a deficit fund balance at June 30, 2019.

<u>Fund/Account</u>	<u>Amount</u>
Truants Alternative Programs	\$13,535

B. There were no funds that overextended appropriations during the year ended June 30, 2019.

**NOTE 12 - LEASES**

The ROE annually enters into a rental agreement with the LaSalle/Putnam County Educational Alliance for Special Education (LEASE) for the use of office space for its Regional Safe School Program. The lease term is from July 1, 2018 to June 30, 2019 at a rate of \$2,765 per month. The rent paid for the year ended June 30, 2019 was \$33,180.

The ROE has entered into a lease agreement for the use of a printer/copier/scanner at the Regional Safe School. The lease term is from May 2016 to April 2021 at a rate of \$193 per month. The rent paid for the year ended June 30, 2019 was \$2,315. The future minimum lease payments are \$2,315 for fiscal year ending June 30, 2020, and \$1,929 for the fiscal year ending June 30, 2021.

**NOTE 13 - RISK MANAGEMENT**

The ROE purchases a commercial insurance policy and is covered for all risk. There have been no significant reductions in coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for any of the three prior years.

**NOTE 14 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
BASIS OF ALLOCATION AND CHANGE IN ACCOUNTING ESTIMATE**

In determining the proportionate share of the net pension liability and corresponding employer pension amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to the TRS plan are determined. The TRS plan has determined that the actual contributions made to the plan during fiscal year 2018 are appropriate as the basis because they are representative of future contributions.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 14 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**  
**BASIS OF ALLOCATION AND CHANGE IN ACCOUNTING ESTIMATE (continued)**

TRS has determined that beginning in the current fiscal year ended June 30, 2018 the actual contributions made to the plan used as the basis of allocation no longer includes contributions paid from special trust or federal funds. In prior years, contributions from special trust or federal funds were paid to the plan at a rate equal to the State contribution rate. Because of a change to the Illinois Pension Code (40 ILCS 5/16-158(c)), beginning July 1, 2017 employer contributions to the plan paid from special trust or federal funds are to be based upon a rate, expressed as a percentage of salary, equal to the total employer's normal cost. Because these employer contributions from special trust or federal funds are no longer paid at the State contribution rate, but are now required to be paid at a rate equal to the total employer's normal cost, those employer contributions could not be included in the basis of allocation because they are no longer consistent with the manner in which contributions to the plan are determined. TRS now categorizes employer contributions from special trust or federal funds as employer specific liabilities under GASB Statement No. 68, paragraph 92. TRS does not believe the effect of this change will result in a significant change to the basis of allocation between all employers and the state, but differences among individual employers could be significant. For ROE No. 35, this change caused a difference of \$27,107, which was run through current year pension expense as a change in accounting estimate.

**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #35**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) & RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**LAST FIVE CALENDAR YEARS**

Calendar Year Ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 16,075	\$ 32,732	\$ 29,065	\$ 22,546	\$ 31,000
Interest on the Total Pension Liability	99,021	94,328	102,777	93,303	82,384
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	23,925	69,856	(177,449)	59,632	26,333
Changes of Assumptions	36,762	(38,803)	-	-	52,106
Benefit Payments, including Refunds of Employee Contributions	(93,664)	(80,742)	(57,041)	(47,790)	(36,220)
<b>Net Change in Total Pension Liability</b>	<u>82,119</u>	<u>77,371</u>	<u>(102,648)</u>	<u>127,691</u>	<u>155,603</u>
<b>Total Pension Liability - Beginning</b>	<u>1,359,076</u>	<u>1,281,705</u>	<u>1,384,353</u>	<u>1,256,662</u>	<u>1,101,059</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 1,441,195</u>	<u>\$ 1,359,076</u>	<u>\$ 1,281,705</u>	<u>\$ 1,384,353</u>	<u>\$ 1,256,662</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 11,521	\$ 13,070	\$ 35,450	\$ 33,348	\$ 23,944
Contributions - Employees	9,849	11,268	14,923	12,239	10,807
Net Investment Income	(100,938)	221,975	(105,923)	50,562	181,588
Benefit Payments, including Refunds of Employee Contributions	(93,664)	(80,742)	(57,041)	(47,790)	(36,220)
Other (Net Transfer)	35,822	2,575	1,108	(7,114)	(3,187)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(137,410)</u>	<u>168,146</u>	<u>(111,483)</u>	<u>41,245</u>	<u>176,932</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,463,655</u>	<u>1,295,509</u>	<u>1,406,992</u>	<u>1,365,747</u>	<u>1,188,815</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 1,326,245</u>	<u>\$ 1,463,655</u>	<u>\$ 1,295,509</u>	<u>\$ 1,406,992</u>	<u>\$ 1,365,747</u>
<b>Net Pension Liability (Asset) - Ending (A) - (B)</b>	<u>\$ 114,950</u>	<u>\$ (104,579)</u>	<u>\$ (13,804)</u>	<u>\$ (22,639)</u>	<u>\$ (109,085)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	92.02%	107.69%	101.08%	101.64%	108.68%
<b>Covered Payroll</b>	\$ 213,357	\$ 250,390	\$ 331,618	\$ 271,979	\$ 240,162
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	53.88%	-41.77%	-4.16%	-8.32%	-45.42%

**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.



**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #35  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST FIVE CALENDAR YEARS**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 22,455	\$ 23,944	\$ (1,489)	\$ 240,162	9.97%
2015	24,478	33,348	(8,870)	271,979	12.26%
2016	35,450	35,450	-	331,618	10.69%
2017	13,070	13,070	-	250,390	5.22%
2018	11,521	11,521	-	213,357	5.40%

**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.

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\****

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2018 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>	Non-taxing bodies: 10-year rolling period.  Taxing bodies (Regular, SLEP and ECO groups): 25-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (three employers were financed over 29 years).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #35  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - CONTINUED  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST FIVE CALENDAR YEARS**

**Notes to Schedule (Continued):**

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate\**

**Methods and Assumptions Used to Determine 2018 Contribution Rates:**

*Retirement Age:* 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.

*Mortality:* 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 adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

*Notes:* There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

**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, 2019**

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.00001676%	0.00192485%	0.00177145%	0.00019803%	0.00002837%
Employer's proportionate share of the net pension liability	\$ 13,067	\$ 1,470,547	\$ 1,398,312	\$ 129,729	\$ 17,265
State's proportionate share of the net pension liability associated with the employer	<u>895,124</u>	<u>3,334,990</u>	<u>3,153,005</u>	<u>2,119,267</u>	<u>1,076,632</u>
<b>Total</b>	<u><u>\$ 908,191</u></u>	<u><u>\$ 4,805,537</u></u>	<u><u>\$ 4,551,317</u></u>	<u><u>\$ 2,248,996</u></u>	<u><u>\$ 1,093,897</u></u>
Employer's covered payroll	\$ 460,046	\$ 450,361	\$ 398,134	\$ 278,471	\$ 174,512
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	2.84%	326.53%	351.22%	46.59%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	40.00%	39.30%	36.40%	41.50%	43.00%

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

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

**Notes to Required Supplementary Information**

Changes of assumptions

\*For the 2018, 2017 and 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

\*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.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 2,343	\$ 14,594	\$ 79,288	\$ 68,596	\$ 6,392	\$ 1,012
Contributions in relation to the statutorily-required contributions	<u>2,342</u>	<u>14,604</u>	<u>79,288</u>	<u>68,608</u>	<u>6,392</u>	<u>1,028</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ (16)</u>
Employer's covered payroll	\$ 368,879	\$ 460,046	\$ 450,361	\$ 398,134	\$ 278,471	\$ 174,512
Contributions as a percentage of covered payroll	0.63%	3.17%	17.61%	17.23%	2.30%	0.59%

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #35  
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY & RELATED RATIOS  
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 527	\$ 507
Interest	698	1,194
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes in Assumptions	527	-
Benefit Payments	(15,036)	(13,986)
<b>Net Change in Total OPEB Liability</b>	<b>(13,284)</b>	<b>(12,285)</b>
 <b>Total OPEB Liability - Beginning</b>	 <b>25,560</b>	 <b>37,845</b>
 <b>Total OPEB Liability - Ending (A)</b>	 <b>\$ 12,276</b>	 <b>\$ 25,560</b>
 <b>Covered Payroll</b>	 <b>\$ 429,343</b>	 <b>\$ 384,492</b>
 <b>Employer Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>2.86%</b>	 <b>6.65%</b>

**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.

*Changes of Benefit Term*

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

*Changes of Assumptions*

The assumed rate on High Quality 20-year Tax-Exempt GO Bonds was changed from 3.87% to 3.50% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year-end based on changes in market conditions as reflected in the Index. Since the ROE does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in determination of the Total OPEB liability was also changed from 3.87% to 3.50%.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #35  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE COLLECTIVE NET OPEB LIABILITY  
TEACHERS' HEALTH INSURANCE SECURITY FUND  
LAST THREE FISCAL YEARS\*†**

	FY18*	FY17*	FY16*
Employer's proportion of the collective net OPEB liability	0.001902%	0.001958%	0.001709%
Employer's proportionate share of the collective net OPEB liability	\$ 501,098	\$ 508,073	\$ 467,253
State's proportionate share of the collective net OPEB liability associated with the employer	672,903	667,144	647,892
<b>Total</b>	<b>\$ 1,174,001</b>	<b>\$ 1,175,217</b>	<b>\$ 1,115,145</b>
Employer's covered payroll	\$ 460,046	\$ 450,361	\$ 398,134
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	108.9%	112.8%	117.4%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%	-0.22%

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

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION #35  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' HEALTH INSURANCE SECURITY FUND  
LAST FOUR FISCAL YEARS†**

	FY19	FY18	FY17	FY16
Statutorily-required contribution	\$ 3,393	\$ 4,048	\$ 3,783	\$ 3,185
Contributions in relation to the statutorily-required contribution	3,393	4,048	3,783	3,185
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 368,879	\$ 460,046	\$ 450,361	\$ 398,134
Contributions as a percentage of covered payroll	0.92%	0.88%	0.84%	0.80%

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

**Notes to This Required Supplementary Information**

**Changes of Benefit Term**

In the June 30, 2019 actuarial valuation, there have been no changes of benefit terms from the prior period.

**Changes of Assumptions**

The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2016:

- 1) The discount rate was changed from 3.56% at June 30, 2017 to 3.62% at June 30, 2018.
- 2) The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2017, projected plan cost for plan year end June 30, 2018, premium changes through plan year end 2019, and expectation of future trend increases after June 30, 2018.
- 3) The Excise Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2018.
- 4) Per capita claim costs for plan year end June 30 2018, were updated based on projected claims and enrollment experience through June 30, 2018, and updated premium rates through plan year 2019.
- 5) Healthcare plan participation rates by plan were updated based on observed experience.

**SUPPLEMENTARY INFORMATION**



**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2019**

**SCHEDULE 1**

	<u>General</u>	<u>RSSP Student</u>	<u>Title II - Teacher Quality (from Schools)</u>	<u>Marshall and Putnam County Funding</u>	<u>General State Aid</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,554	\$ 272,587	\$ 89,112	\$ 36,043	\$ 452,174	\$ 860,470
Investments	260,500	-	-	-	-	260,500
Prepaid expenses	956	-	-	-	2,864	3,820
Due from other funds	-	-	-	-	27,972	27,972
Due from other governmental units	-	9,593	500	-	-	10,093
Total Assets	<u>272,010</u>	<u>282,180</u>	<u>89,612</u>	<u>36,043</u>	<u>483,010</u>	<u>1,162,855</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>\$ 272,010</u>	<u>\$ 282,180</u>	<u>\$ 89,612</u>	<u>\$ 36,043</u>	<u>\$ 483,010</u>	<u>\$ 1,162,855</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 22,462	\$ 22,462
Total liabilities	-	-	-	-	22,462	22,462
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	956	-	-	-	2,864	3,820
Assigned	-	282,180	89,612	36,043	-	407,835
Unassigned	271,054	-	-	-	457,684	728,738
Total fund balances	<u>272,010</u>	<u>282,180</u>	<u>89,612</u>	<u>36,043</u>	<u>460,548</u>	<u>1,140,393</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
	<u>\$ 272,010</u>	<u>\$ 282,180</u>	<u>\$ 89,612</u>	<u>\$ 36,043</u>	<u>\$ 483,010</u>	<u>\$ 1,162,855</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 2**

	<b>General</b>	<b>RSSP Student</b>	<b>Title II - Teacher Quality (from Schools)</b>	<b>Marshall and Putnam County Funding</b>	<b>General State Aid</b>	<b>Total</b>
<b>REVENUES</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 310,965	\$ 310,965
Local sources	4,800	248,027	27,042	33,321	-	313,190
Interest	4,903	-	-	-	397	5,300
Total revenues	9,703	248,027	27,042	33,321	311,362	629,455
<b>EXPENDITURES</b>						
Instructional services:						
Salaries	-	65,416	20,813	7,104	226,496	319,829
Benefits	-	7,292	1,592	569	4,801	14,254
Pension expenditures	-	570	-	180	3,044	3,794
OPEB expenditures	-	573	-	-	16,335	16,908
Purchased services	3,183	17,549	5,505	8,437	58,090	92,764
Supplies and materials	5,990	3,052	465	202	11,248	20,957
Miscellaneous	-	-	-	-	240	240
Capital outlay	-	-	-	-	5,471	5,471
Total expenditures	9,173	94,452	28,375	16,492	325,725	474,217
<b>NET CHANGE IN FUND BALANCE</b>	530	153,575	(1,333)	16,829	(14,363)	155,238
<b>FUND BALANCES, BEGINNING OF YEAR</b>	271,480	128,605	90,945	19,214	474,911	985,155
<b>FUND BALANCES, END OF YEAR</b>	\$ 272,010	\$ 282,180	\$ 89,612	\$ 36,043	\$ 460,548	\$ 1,140,393

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2019

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	STEM Science
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	16,607	-	13,535	-
Total assets	<u>16,607</u>	<u>-</u>	<u>13,535</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>\$ 16,607</u>	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ -	\$ -	\$ 6,282	\$ -
Due to other funds	16,607	-	7,253	-
Due to other governmental units	-	-	-	-
Total liabilities	<u>16,607</u>	<u>-</u>	<u>13,535</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>13,535</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Unassigned	-	-	(13,535)	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>(13,535)</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>				
	<u>\$ 16,607</u>	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ -</u>

**SCHEDULE 3  
(CONTINUED)**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2019**

	<b>SSOS AIR Foundational Services</b>	<b>ROE/ISC Operations</b>	<b>WIA Youth Activities</b>	<b>RSSCEP</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,637
Due from other governmental units	-	-	4,112	-
Total assets	<u>-</u>	<u>-</u>	<u>4,112</u>	<u>5,637</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,112</u>	<u>\$ 5,637</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	4,112	-
Due to other governmental units	-	-	-	5,637
Total liabilities	<u>-</u>	<u>-</u>	<u>4,112</u>	<u>5,637</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,112</u>	<u>\$ 5,637</u>

**SCHEDULE 3  
(CONTINUED)**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2019**

	<b>National School Breakfast Program</b>	<b>National School Lunch Program</b>	<b>State Free Lunch &amp; Breakfast Program</b>	<b>Teacher Quality- Leadership</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,460	\$ 2,781	\$ 720	\$ -	\$ 10,598
Due from other governmental units	-	-	50	-	34,304
Total assets	<u>1,460</u>	<u>2,781</u>	<u>770</u>	<u>-</u>	<u>44,902</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>\$ 1,460</u>	<u>\$ 2,781</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 44,902</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 6,282
Due to other funds	-	-	-	-	27,972
Due to other governmental units	-	-	69	-	5,706
Total liabilities	<u>-</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>39,960</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,535</u>
<b>FUND BALANCES</b>					
Restricted	1,460	2,781	701	-	4,942
Unassigned	-	-	-	-	(13,535)
Total fund balances (deficit)	<u>1,460</u>	<u>2,781</u>	<u>701</u>	<u>-</u>	<u>(8,593)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>					
	<u>\$ 1,460</u>	<u>\$ 2,781</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 44,902</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2019**

	<b>McKinney Education for Homeless Children</b>	<b>Regional Safe Schools</b>	<b>Truants Alternative Programs</b>	<b>STEM Science</b>
<b>REVENUES</b>				
Federal sources	\$ 24,848	\$ -	\$ -	\$ 1,351
State sources	-	76,099	162,431	-
On-behalf payments	-	-	102,688	-
Total revenues	<u>24,848</u>	<u>76,099</u>	<u>265,119</u>	<u>1,351</u>
<b>EXPENDITURES</b>				
Instructional services:				
Salaries	3,747	61,040	123,600	-
Benefits	147	7,372	22,243	-
Pension expenditures	58	684	3,202	-
OPEB expenditures	-	568	405	-
Purchased services	4,610	3,012	10,932	-
Supplies and materials	281	3,423	2,049	-
Miscellaneous	-	-	-	-
On-behalf payments	-	-	102,688	-
Intergovernmental:				
Payments to other governmental units	16,005	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>24,848</u>	<u>76,099</u>	<u>265,119</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	1,351
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	(13,535)	(1,351)
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,535)</u>	<u>\$ -</u>

**SCHEDULE 4**  
**(CONTINUED)**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>SSOS AIR</b>		<b>ROE/ISC</b>		<b>WIA Youth</b>		<b>RSSCEP</b>
	<b>Foundational</b>		<b>Operations</b>		<b>Activities</b>		
	<b>Services</b>						
<b>REVENUES</b>							
Federal sources	\$ 6,501		\$ -		\$ 90,173		\$ -
State sources	-		120,312		-		35,020
On-behalf payments	-		447,765		-		-
Total revenues	<u>6,501</u>		<u>568,077</u>		<u>90,173</u>		<u>35,020</u>
<b>EXPENDITURES</b>							
Instructional services:							
Salaries	2,463		85,413		85,582		25,200
Benefits	36		11,159		2,283		1,928
Pension expenditures	215		1,565		-		-
OPEB expenditures	19		529		-		-
Purchased services	3,526		16,656		2,014		2,698
Supplies and materials	-		1,927		294		3,500
Miscellaneous	-		2,340		-		-
On-behalf payments	-		447,765		-		-
Intergovernmental:							
Payments to other governmental units	-		-		-		-
Capital outlay	-		723		-		-
Total expenditures	<u>6,259</u>		<u>568,077</u>		<u>90,173</u>		<u>33,326</u>
<b>NET CHANGE IN FUND BALANCE</b>	242		-		-		1,694
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>(242)</u>		<u>-</u>		<u>-</u>		<u>(1,694)</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

**SCHEDULE 4**  
**(CONTINUED)**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>National School Breakfast Program</b>	<b>National School Lunch Program</b>	<b>State Free Lunch &amp; Breakfast Program</b>	<b>Teacher Quality- Leadership</b>	<b>Total</b>
<b>REVENUES</b>					
Federal sources	\$ 9,847	\$ 15,772	\$ -	\$ 1,622	\$ 150,114
State sources	-	-	487	-	394,349
On-behalf payments	-	-	-	-	550,453
Total revenues	<u>9,847</u>	<u>15,772</u>	<u>487</u>	<u>1,622</u>	<u>1,094,916</u>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries	-	-	-	-	387,045
Benefits	-	-	-	-	45,168
Pension expenditures	-	-	-	-	5,724
OPEB expenditures	-	-	-	-	1,521
Purchased services	1,482	1,635	-	1,622	48,187
Supplies and materials	-	-	-	-	11,474
Miscellaneous	-	-	-	-	2,340
On-behalf payments	-	-	-	-	550,453
Intergovernmental:					
Payments to other governmental units	7,100	12,413	-	-	35,518
Capital outlay	-	-	-	-	723
Total expenditures	<u>8,582</u>	<u>14,048</u>	<u>-</u>	<u>1,622</u>	<u>1,088,153</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,265	1,724	487	-	6,763
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>195</u>	<u>1,057</u>	<u>214</u>	<u>-</u>	<u>(15,356)</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 1,460</u>	<u>\$ 2,781</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ (8,593)</u>



LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2019

	McKinney Education for Homeless Children				Regional Safe Schools			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ 20,478	\$ 24,848	\$ 24,848	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	76,099	76,099	76,099	-
On-behalf payments	-	-	-	-	-	-	-	-
Total revenue	20,478	24,848	24,848	-	76,099	76,099	76,099	-
<b>EXPENDITURES</b>								
Salaries	3,500	4,140	3,747	393	62,000	62,000	61,040	960
Benefits	178	188	147	41	8,605	8,605	7,372	1,233
Pension expenditures	-	-	58	(58)	-	-	684	(684)
OPEB expenditures	-	-	-	-	-	-	568	(568)
Purchased services	1,200	1,200	4,610	(3,410)	2,100	2,100	3,012	(912)
Supplies and materials	200	200	281	(81)	3,394	3,394	3,423	(29)
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	-	-	-	-	-	-
Intergovernmental:								
Payments to other governmental units	15,400	19,120	16,005	3,115	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	20,478	24,848	24,848	-	76,099	76,099	76,099	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES</b>								
Transfers in			-				-	
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>			-				-	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			-				-	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ -</u>	

**SCHEDULE 5**  
**(CONTINUED)**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**BUDGETARY COMPARISON SCHEDULES**  
**EDUCATION FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Truants Alternative Programs</b>				<b>SSOS Foundational Services</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUE</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ 80,000	\$ 6,501	\$ (73,499)
State sources	162,431	162,431	162,431	-	-	-	-	-
On-behalf payments	-	-	102,688	102,688	-	-	-	-
Total revenue	162,431	162,431	265,119	102,688	80,000	80,000	6,501	(73,499)
<b>EXPENDITURES</b>								
Salaries	119,188	119,188	123,600	(4,412)	69,200	28,925	2,463	26,462
Benefits	30,520	30,520	22,243	8,277	5,172	2,606	36	2,570
Pension expenditures	-	-	3,202	(3,202)	-	-	215	(215)
OPEB expenditures	-	-	405	(405)	-	-	19	(19)
Purchased services	10,895	10,895	10,932	(37)	3,628	46,469	3,526	42,943
Supplies and materials	1,828	1,828	2,049	(221)	2,000	2,000	-	2,000
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	102,688	(102,688)	-	-	-	-
Intergovernmental:								
Payments to other governmental units	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	162,431	162,431	265,119	(102,688)	80,000	80,000	6,259	73,741
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>242</b>	<b>\$ 242</b>
<b>OTHER FINANCING SOURCES</b>								
Transfers in			-				-	
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>			-				242	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			(13,535)				(242)	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			\$ (13,535)				\$ -	

\*uses FY 18 SSOS budget as grant was extended through August 31, 2018

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
BUDGETARY COMPARISON SCHEDULES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2019

	ROE/ISC Operations				RSSCEP			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	120,312	120,312	120,312	-	38,963	38,963	35,020	(3,943)
On-behalf payments	-	-	447,765	447,765	-	-	-	-
Total revenue	120,312	120,312	568,077	447,765	38,963	38,963	35,020	(3,943)
<b>EXPENDITURES</b>								
Salaries	86,000	86,000	85,413	587	30,000	30,000	25,200	4,800
Benefits	15,269	15,269	11,159	4,110	2,295	2,295	1,928	367
Pension expenditures	-	-	1,565	(1,565)	-	-	-	-
OPEB expenditures	-	-	529	(529)	-	-	-	-
Purchased services	15,143	15,143	16,656	(1,513)	4,168	4,168	2,698	1,470
Supplies and materials	1,500	1,500	1,927	(427)	2,500	2,500	3,500	(1,000)
Miscellaneous	1,400	1,400	2,340	(940)	-	-	-	-
On-behalf payments to governments	-	-	447,765	(447,765)	-	-	-	-
Intergovernmental:								
Payments to other governmental units	-	-	-	-	-	-	-	-
Capital outlay	1,000	1,000	723	277	-	-	-	-
Total expenditures	120,312	120,312	568,077	(447,765)	38,963	38,963	33,326	5,637
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,694</u>	<u>\$ 1,694</u>
<b>OTHER FINANCING SOURCES</b>								
Transfers in			-				-	
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>			-				1,694	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			-				(1,694)	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ -</u>	

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE 5  
 (CONTINUED)

	<b>Teacher Quality - Leadership</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUE</b>				
Federal sources	\$ 1,622	\$ 1,622	\$ 1,622	\$ -
State sources	-	-	-	-
On-behalf payments	-	-	-	-
Total revenue	<u>1,622</u>	<u>1,622</u>	<u>1,622</u>	<u>-</u>
<b>EXPENDITURES</b>				
Salaries	22	22	-	22
Benefits	-	-	-	-
Pension expenditures	-	-	-	-
OPEB expenditures	-	-	-	-
Purchased services	1,600	1,600	1,622	(22)
Supplies and materials	-	-	-	-
Miscellaneous	-	-	-	-
On-behalf payments to governments	-	-	-	-
Intergovernmental:				
Payments to other governmental units	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,622</u>	<u>1,622</u>	<u>1,622</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in			<u>-</u>	
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>			<u>-</u>	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			<u>-</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>	

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019**

**SCHEDULE 6**

	<b>General Educational Development</b>	<b>School Bus Driver Training</b>	<b>Annexation and Sales Petition</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,704	\$ 13,274	\$ 1,794	\$ 39,772
Investments	24,439	13,059	-	37,498
Accounts receivable	-	20	-	20
Due from other governmental units	-	60	-	60
Total assets	<u>49,143</u>	<u>26,413</u>	<u>1,794</u>	<u>77,350</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>\$ 49,143</u>	<u>\$ 26,413</u>	<u>\$ 1,794</u>	<u>\$ 77,350</u>
<b>LIABILITIES</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	<u>49,143</u>	<u>26,413</u>	<u>1,794</u>	<u>77,350</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<u>\$ 49,143</u>	<u>\$ 26,413</u>	<u>\$ 1,794</u>	<u>\$ 77,350</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 7**

	<b>General Educational Development</b>	<b>School Bus Driver Training</b>	<b>Annexation and Sales Petition</b>	<b>Total</b>
<b>REVENUES</b>				
State sources	\$ -	\$ 1,378	\$ -	\$ 1,378
Local sources	2,560	4,450	1,377	8,387
Interest	411	220	-	631
Total revenues	<u>2,971</u>	<u>6,048</u>	<u>1,377</u>	<u>10,396</u>
<b>EXPENDITURES</b>				
Purchased services	-	4,259	1,792	6,051
Supplies and materials	30	-	51	81
Total expenditures	<u>30</u>	<u>4,259</u>	<u>1,843</u>	<u>6,132</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,941	1,789	(466)	4,264
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>46,202</u>	<u>24,624</u>	<u>2,260</u>	<u>73,086</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 49,143</u>	<u>\$ 26,413</u>	<u>\$ 1,794</u>	<u>\$ 77,350</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2019**

**SCHEDULE 8**

	<u>Regional Safe School Meals</u>	<u>Evaluation and Training</u>	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 674	\$ 247	\$ 13,813	\$ 2,448	\$ 17,182
<b>TOTAL ASSETS</b>	<u>674</u>	<u>247</u>	<u>13,813</u>	<u>2,448</u>	<u>17,182</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Unrestricted	674	247	13,813	2,448	17,182
Net investment in capital assets	-	-	-	-	-
<b>TOTAL NET POSITION</b>	<u>\$ 674</u>	<u>\$ 247</u>	<u>\$ 13,813</u>	<u>\$ 2,448</u>	<u>\$ 17,182</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 9**

	<u>Regional Safe School Meals</u>	<u>Evaluation and Training</u>	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Total</u>
<b>OPERATING REVENUE</b>					
Fees for services	\$ -	\$ -	\$ 3,100	\$ -	\$ 3,100
<b>OPERATING EXPENSES</b>					
Purchased services	-	154	-	-	154
Supplies and materials	-	-	1,725	199	1,924
Total operating expenses	-	154	1,725	199	2,078
<b>OPERATING INCOME (LOSS)</b>	-	(154)	1,375	(199)	1,022
<b>NET POSITION, BEGINNING OF YEAR</b>	674	401	12,438	2,647	16,160
<b>NET POSITION, END OF YEAR</b>	<u>\$ 674</u>	<u>\$ 247</u>	<u>\$ 13,813</u>	<u>\$ 2,448</u>	<u>\$ 17,182</u>



**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 10**

	<b>Regional Safe School Meals</b>	<b>Evaluation and Training</b>	<b>ParaPro</b>	<b>RSSP Student Activities</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts for workshops and services	\$ -	\$ -	\$ 3,100	\$ -	\$ 3,100
Payments to suppliers and providers of goods and services	-	(154)	(1,725)	(199)	(2,078)
Net cash provided by (used in) operating activities	-	(154)	1,375	(199)	1,022
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	-	(154)	1,375	(199)	1,022
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>					
	674	401	12,438	2,647	16,160
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>					
	\$ 674	\$ 247	\$ 13,813	\$ 2,448	\$ 17,182
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ -	\$ (154)	\$ 1,375	\$ (199)	\$ 1,022
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets and liabilities:					
None	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ -	\$ (154)	\$ 1,375	\$ (199)	\$ 1,022

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2019**

**SCHEDULE 11**

	<u>Distributive</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 21</u>
<b>LIABILITIES</b>			
Due to other governmental units	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 21</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SCHEDULE 12**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10	\$ 5,419,633	\$ 5,419,626	\$ 17
<b>LIABILITIES</b>				
Due to other governmental units	\$ 10	\$ 5,419,633	\$ 5,419,626	\$ 17
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 801	\$ 844,336	\$ 845,133	\$ 4
<b>LIABILITIES</b>				
Due to other governmental units	\$ 801	\$ 844,336	\$ 845,133	\$ 4
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 811	\$ 6,263,969	\$ 6,264,759	\$ 21
<b>LIABILITIES</b>				
Due to other governmental units	\$ 811	\$ 6,263,969	\$ 6,264,759	\$ 21

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

Program	Code	ROE No. 35	LEASE	L-P Area Voc. Center	Grand Total
General State Aid	3001/3002	\$ 310,965	\$ 375,766	\$ -	\$ 686,731
State Free Lunch & Breakfast	3360	489	850	-	1,339
Transportation - Regular and Vocational	3500	1,378	-	4,026	5,404
Truants Alternative/Optional Ed.	3695	175,967	-	-	175,967
Regional Safe Schools	3696	76,231	-	-	76,231
ROE/ISC Operations	3730	120,312	-	-	120,312
RSSCEP	3999	43,157	-	-	43,157
National School Lunch Program	4210	15,772	26,627	-	42,399
School Breakfast Program	4220	9,847	15,003	-	24,850
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	151,637	-	151,637
Fed - Sp. Ed -IDEA - Flow through	4620	-	4,089,967	-	4,089,967
Title II-Teacher Quality Leadership	4935	1,622	-	-	1,622
Interest Income	8801	10	-	-	10
<b>TOTAL</b>		<b>\$ 755,750</b>	<b>\$ 4,659,850</b>	<b>\$ 4,026</b>	<b>\$ 5,419,626</b>