

State of Illinois
ADAMS/BROWN/CASS/
MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
FINANCIAL AUDIT
For the Year Ended June 30, 2018

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 JUNE 30, 2018

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ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2018

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Ms. Jill Reis

Assistant Regional Superintendent
(Current, effective July 1, 2018)

Ms. Julie Stratman

Assistant Regional Superintendent
(During the audit period, through June 30, 2018)

Mr. Jeff Stephens

Offices are located at:

507 Vermont Street
Quincy, IL 62301

1267 East Washington
Pittsfield, IL 62363

110 N. West St.
Jacksonville, IL 62650

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2018

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 auditor's reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

2017-001		Controls over Financial Statement Preparation	Material Weakness
2017-002		Internal Control over Accounting and Closing Transactions	Material Weakness

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2018

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 18, 2018. Attending were Jill Reis, Regional Superintendent; Heather Factor, Controller; and Tami Knight, Kemper CPA Group, LLP.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
JUNE 30, 2018

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #1's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1’s basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 6, 2019 on our consideration of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control over financial reporting and compliance.

Certified Public Accountants and Consultants

Mattoon, Illinois
March 6, 2019



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's basic financial statements, and have issued our report thereon dated March 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants and Consultants

Mattoon, Illinois
March 6, 2019

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements in accordance with GAAP

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	None reported
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

None

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Corrective Action Plan

Not Applicable

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
JUNE 30, 2018

2017-001	Controls over Financial Statement Preparation	Not Repeated
	The Regional Office contracted with a local accounting firm to prepare GAAP financial statements and notes.	
2017-002	Internal Control over Accounting and Closing Transactions	Not Repeated
	During the current audit, audit testing results indicated the Regional Office implemented their prior year corrective action and no issues with internal controls and closing transactions were noted.	

BASIC FINANCIAL STATEMENTS

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,747,935	\$ 109,112	\$ 1,857,047
Accounts receivable	5,026	-	5,026
Due from other governments:			
Local	35,606	2,743	38,349
State	115,350	-	115,350
Federal	54,401	-	54,401
Investments	72,354	-	72,354
Total current assets	<u>2,030,672</u>	<u>111,855</u>	<u>2,142,527</u>
Noncurrent assets:			
Capital assets, being depreciated, net	33,770	445	34,215
Total noncurrent assets	<u>33,770</u>	<u>445</u>	<u>34,215</u>
TOTAL ASSETS	<u>2,064,442</u>	<u>112,300</u>	<u>2,176,742</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	242,712	-	242,712
Deferred outflows related to OPEB	1,229	-	1,229
Total deferred outflows of resources	<u>243,941</u>	<u>-</u>	<u>243,941</u>
LIABILITIES			
Current liabilities:			
Accounts payable	90,469	1,677	92,146
Due to other governments:			
Local	1,607	-	1,607
State	23	-	23
Unearned revenue	201,613	-	201,613
Total current liabilities	<u>293,712</u>	<u>1,677</u>	<u>295,389</u>
Noncurrent liabilities:			
Net pension liability	24,670	-	24,670
Net OPEB obligation	195,234	-	195,234
Liability for compensated absences	6,928	-	6,928
Total Noncurrent Liabilities	<u>226,832</u>	<u>-</u>	<u>226,832</u>
TOTAL LIABILITIES	<u>520,544</u>	<u>1,677</u>	<u>522,221</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	398,393	-	398,393
Deferred inflows related to OPEB	28,392	-	28,392
Total deferred inflows of resources	<u>426,785</u>	<u>-</u>	<u>426,785</u>
NET POSITION			
Investment in capital assets	33,770	445	34,215
Restricted	475,867	-	475,867
Unrestricted	851,417	110,178	961,595
TOTAL NET POSITION	<u>\$ 1,361,054</u>	<u>\$ 110,623</u>	<u>\$ 1,471,677</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 1,223,120	\$ -	\$ 775,586	\$ (447,534)	\$ -	\$ (447,534)
Purchased services	527,952	-	358,007	(169,945)	-	(169,945)
Supplies and materials	66,648	-	50,927	(15,721)	-	(15,721)
Other objects	31,342	-	26,882	(4,460)	-	(4,460)
Depreciation expense	14,540	-	-	(14,540)	-	(14,540)
Capital outlay	-	-	19,158	19,158	-	19,158
Pension expense	461,316	-	-	(461,316)	-	(461,316)
OPEB expense	14,908	-	-	(14,908)	-	(14,908)
Intergovernmental:						
Payments to other governments	575,536	-	218,682	(356,854)	-	(356,854)
Administrative:						
On-behalf payments - Local	42,201	-	-	(42,201)	-	(42,201)
On-behalf payments - State	398,885	-	-	(398,885)	-	(398,885)
Total Governmental Activities	<u>3,356,448</u>	<u>-</u>	<u>1,449,242</u>	<u>(1,907,206)</u>	<u>-</u>	<u>(1,907,206)</u>
Business-Type Activities:						
Charges for services	14,624	22,714	-	-	8,090	8,090
Total Business-Type Activities	<u>14,624</u>	<u>22,714</u>	<u>-</u>	<u>-</u>	<u>8,090</u>	<u>8,090</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,371,072</u>	<u>\$ 22,714</u>	<u>\$ 1,449,242</u>	<u>(1,907,206)</u>	<u>8,090</u>	<u>(1,899,116)</u>
GENERAL REVENUES:						
Local sources				854,419	-	854,419
State sources				489,828	-	489,828
On-behalf payments - Local				42,201	-	42,201
On-behalf payments - State				398,885	-	398,885
Investment earnings				10,411	603	11,014
Total General Revenues				<u>1,795,744</u>	<u>603</u>	<u>1,796,347</u>
CHANGE IN NET POSITION				(111,462)	8,693	(102,769)
NET POSITION - BEGINNING (Restated, See Note 15)				<u>1,472,516</u>	<u>101,930</u>	<u>1,574,446</u>
NET POSITION - ENDING				<u>\$ 1,361,054</u>	<u>\$ 110,623</u>	<u>\$ 1,471,677</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,138,148	\$ 345,905	\$ 263,882	\$ -	\$ 1,747,935
Accounts receivable	4,376	-	650	-	5,026
Due from other funds	141,033	-	-	(141,033)	-
Due from other governments:					
Local	11,391	24,215	-	-	35,606
State	1,384	113,966	-	-	115,350
Federal	-	54,401	-	-	54,401
Investments	64,989	-	7,365	-	72,354
Total assets	<u>\$ 1,361,321</u>	<u>\$ 538,487</u>	<u>\$ 271,897</u>	<u>\$ (141,033)</u>	<u>\$ 2,030,672</u>
LIABILITIES					
Accounts payable	\$ 46,542	\$ 43,744	\$ 183	\$ -	\$ 90,469
Due to other funds	-	141,033	-	(141,033)	-
Due to other governments:					
Local	-	1,607	-	-	1,607
State	-	23	-	-	23
Unearned revenue	53,685	147,928	-	-	201,613
Total liabilities	<u>100,227</u>	<u>334,335</u>	<u>183</u>	<u>(141,033)</u>	<u>293,712</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	11,447	42,930	-	-	54,377
FUND BALANCE					
Restricted	-	204,153	271,714	-	475,867
Assigned	116,652	-	-	-	116,652
Unassigned	1,132,995	(42,931)	-	-	1,090,064
Total fund balance	<u>1,249,647</u>	<u>161,222</u>	<u>271,714</u>	<u>-</u>	<u>1,682,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,361,321</u>	<u>\$ 538,487</u>	<u>\$ 271,897</u>	<u>\$ (141,033)</u>	<u>\$ 2,030,672</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2018

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$ 1,682,583
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,770
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Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred inflows of resources in the governmental funds. Current year unavailable revenue	54,377
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Liability for compensated absences	\$ (6,928)
Net OPEB obligation	(195,234)
IMRF net pension liability	(3,106)
TRS net pension liability	(21,564)
	(226,832)

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	\$ 243,941
Deferred inflows of resources	(426,785)
	(182,844)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,361,054
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The notes to the financial statements are an integral part of this statement.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 409,860	\$ 336,475	\$ 73,154	\$ -	\$ 819,489
On-behalf payments - Local	42,201	-	-	-	42,201
State sources	764,874	995,727	1,347	-	1,761,948
On-behalf payments - State	271,652	-	-	-	271,652
Federal sources	-	319,456	-	-	319,456
Investment earnings	8,616	255	1,540	-	10,411
Total revenues	<u>1,497,203</u>	<u>1,651,913</u>	<u>76,041</u>	<u>-</u>	<u>3,225,157</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	437,822	775,586	9,114	-	1,222,522
Pension expense	34,262	64,885	1,160	-	100,307
OPEB expense	651	578	-	-	1,229
Purchased services	146,303	358,007	23,642	-	527,952
Supplies and materials	8,967	50,927	6,754	-	66,648
Other objects	3,748	26,882	712	-	31,342
On-behalf payments - Local	42,201	-	-	-	42,201
On-behalf payments - State	271,652	-	-	-	271,652
Intergovernmental:					
Payments to other governments	356,854	218,682	-	-	575,536
Capital outlay	17,869	725	564	-	19,158
Total expenditures	<u>1,320,329</u>	<u>1,496,272</u>	<u>41,946</u>	<u>-</u>	<u>2,858,547</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>176,874</u>	<u>155,641</u>	<u>34,095</u>	<u>-</u>	<u>366,610</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	10,164	-	(10,164)	-
Transfers out	(10,164)	-	-	10,164	-
Total other financing sources (uses)	<u>(10,164)</u>	<u>10,164</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	166,710	165,805	34,095	-	366,610
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)	<u>1,082,937</u>	<u>(4,583)</u>	<u>237,619</u>	<u>-</u>	<u>1,315,973</u>
FUND BALANCE - ENDING	<u>\$ 1,249,647</u>	<u>\$ 161,222</u>	<u>\$ 271,714</u>	<u>\$ -</u>	<u>\$ 1,682,583</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 366,610

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

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

Capital outlay	\$ 19,158	
Depreciation expense	<u>(14,540)</u>	4,618

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

Current year unavailable revenue	\$ 54,377	
Prior year unavailable revenue	<u>(161,781)</u>	(107,404)

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

Pension expense	\$ (361,009)	
OPEB expense	(13,679)	
Change in compensated absences	<u>(598)</u>	<u>(375,286)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (111,462)

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities Enterprise Funds - Nonmajor		
	Local Workshops	Testing Center	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 84,454	\$ 24,658	\$ 109,112
Due from other governments:			
Local	1,601	1,142	2,743
Total current assets	86,055	25,800	111,855
Noncurrent assets:			
Capital assets, being depreciated, net	445	-	445
TOTAL ASSETS	86,500	25,800	112,300
LIABILITIES			
Current liabilities:			
Accounts payable	1,586	91	1,677
TOTAL LIABILITIES	1,586	91	1,677
NET POSITION			
Invested in capital assets	445	-	445
Unrestricted	84,469	25,709	110,178
TOTAL NET POSITION	\$ 84,914	\$ 25,709	\$ 110,623

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds - Nonmajor		
	Local Workshops	Testing Center	Total
OPERATING REVENUES			
Charges for services	\$ 14,380	\$ 8,334	\$ 22,714
Total Operating Revenues	14,380	8,334	22,714
OPERATING EXPENSES			
Salaries and benefits	345	-	345
Purchased services	9,048	4,596	13,644
Supplies and materials	25	355	380
Depreciation	255	-	255
Total Operating Expenses	9,673	4,951	14,624
OPERATING INCOME (LOSS)	4,707	3,383	8,090
NONOPERATING REVENUE			
Investment earnings	450	153	603
Total Nonoperating Revenue	450	153	603
CHANGE IN NET POSITION	5,157	3,536	8,693
TOTAL NET POSITION - BEGINNING	79,757	22,173	101,930
TOTAL NET POSITION - ENDING	\$ 84,914	\$ 25,709	\$ 110,623

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds - Nonmajor		
	Local Workshops	Testing Center	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 18,859	\$ 7,948	\$ 26,807
Payments to suppliers and providers of goods and services	(7,487)	(4,860)	(12,347)
Payments to employees	(345)	-	(345)
Net Cash Provided by (Used for) Operating Activities	11,027	3,088	14,115
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(146)	-	(146)
Net Cash Used for Capital and Related Financing Activities	(146)	-	(146)
Cash Flows from Investing Activities:			
Interest income	450	153	603
Net Cash Provided by Investing Activities	450	153	603
Net increase (decrease) in cash and cash equivalents	11,331	3,241	14,572
Cash and cash equivalents - Beginning	73,123	21,417	94,540
Cash and cash equivalents - Ending	\$ 84,454	\$ 24,658	\$ 109,112
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 4,707	\$ 3,383	\$ 8,090
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	255	-	255
(Increase)/Decrease in assets:			
Due from other governments	4,479	(386)	4,093
Increase/(Decrease) in liabilities:			
Accounts payable	1,586	91	1,677
Net cash provided by (used for) operating activities	\$ 11,027	\$ 3,088	\$ 14,115

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2018

	<u>Agency Fund</u>
	<u>Pike County School Facility Occupation Tax</u>
ASSETS	
Cash and cash equivalents	\$ 1,943
Due from other governments	<u>1,397,389</u>
Total Assets	<u><u>\$ 1,399,332</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,399,332</u>
Total Liabilities	<u><u>\$ 1,399,332</u></u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the Regional Office of Education #1 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenditures and identifies the note disclosure and RSI reporting requirements for other postemployment benefits (OPEB) other than pensions. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant impact on the financial statements of the Regional Office of Education #1.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through March 6, 2019 the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #1’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

For the period ended June 30, 2018, the Regional Office of Education #1 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #1. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #1's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #1 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #1 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #1 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #1 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #1's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #1 has two business-type activities that rely on fees and charges for support.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #1; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Under the terms of grant agreements, Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #1’s policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #1 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #1 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

The Regional Office of Education #1 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education #1 and is used to account for financial resources in the Region except those required to be accounted for and reported in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

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

Fingerprinting – This fund accounts for local monies received from school districts to share the cost of criminal background checks for substitute teachers.

General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.

Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.

Copier Fund – This fund accounts for all expenditures related to copiers.

Postage Fund – This fund accounts for all expenditures related to postage.

School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.

Lafayette Academy – This program serves students with attendance problems and/or dropouts. The program provides a full-time option for regular school attendance and offers modified instructional programs and other services designed to prevent students from dropping out of school.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Dental Sealant Fund – This fund is to account for the costs associated with providing the dental sealant program to Morgan and Scott County schools.

Pike County Film Coop – This fund was financed in prior years by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

Major 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 or capital projects. Major special revenue funds include the following:

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

Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass, and Morgan Counties.

Truants Alternative and Optional Education – This program provides truancy prevention programs and services for monitoring truants.

ROE/ISC Operations – This fund accounts for monies for general and administrative expenditures.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

National School Lunch Program – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

National School Breakfast Program – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe School Program.

McKinney Education for Homeless Children – This program is to provide for a local homeless liaison to help homeless students in the Region.

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Child and Family Connections – This program for preschool children with disabilities is funded by the Department of Human Services.

Tracy National Institute for School Leadership – This program provides school leadership training through the National Institute for School Leadership and is funded by a grant from the Tracy Family Foundation and a corporate donation.

Schools Against Fearful Environment (SAFE) – This program provides drug-free programs from the Sheriff’s Department to local school districts.

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

Math Blast – This program provides weekly math problem-solving opportunities for students in partnership with local grocery stores.

Title II – Teacher Quality – Leadership – This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Early Childhood Education Initiative – This program is intended to have a learning impact on preschool age children to increase their ability to succeed in school.

Foundational Services – Provides ISBE-developed and -approved content to local school districts. Services are provided through professional development workshops, targeted networking sessions, and technical assistance.

Reading: A Healthy Start – By partnering with medical providers, this program seeks to develop critical early reading skills in children and to encourage families to read together.

Tracy Partners to Lead – This is a grant from the Tracy Family Foundation used to support the Partners to Lead project, which aims to increase principal effectiveness in high need schools.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

Adams County Academic Success Initiative – This privately funded grant initiative is designed to assist schools in meeting five key goals: students perform on grade level, students regularly attend school, students graduate from high school, students improve test scores, and parents are more involved in their child’s education. The main focus has been on the 7 Habits of Highly Effective People and the annual Quincy Conference.

Supporting Effective Educator Development – This federal grant is focused on increasing principal effectiveness in areas that lead to increases in student achievement in rural, suburban, or urban schools.

Education Innovation and Research Grant – This federal grant is focused on increasing principal effectiveness in areas that lead to increases in student achievement, particularly in rural and high-need schools.

The Regional Office of Education #1 reports the following Nonmajor Special Revenue Funds:

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.

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

Institute – This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers’ institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #1 reports the following enterprise funds:

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

PROPRIETARY FUNDS (Concluded)

The Regional Office of Education #1 reports the following nonmajor enterprise fund:

Local Workshops – This program accounts for monies received for the general operations of workshops and the administrator’s academy.

Testing Center – This fund is used to account for the activity of the new testing center located at the Regional Office of Education #1.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education #1 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #1 reports the following agency fund:

Pike County School Facility Occupation Tax – This fund accounts for the assets held by the Regional Office of Education #1 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.

I. GOVERNMENTAL FUND BALANCES

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and 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 Schedule of Accounts:

Nonspendable Fund Balance - The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #1 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following nonmajor special revenue funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds. The following Education Fund accounts are restricted by grantor or donor restrictions: Tracy National Institute for School Leadership, Early Childhood Education Initiative, Tracy Partners to Lead, and Adams County Academic Success Initiative.

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REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #1 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: Fingerprinting, School Directory, Lafayette Academy, Dental Sealants Fund, and Pike County Film Coop.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are unassigned: General Operations, General State Aid, Miscellaneous Fund, Copier Fund, and Postage Fund. The following Education Fund accounts have an unassigned fund deficit: Truants Alternative and Optional Education, Schools Against Fearful Environment (SAFE), and Regional Safe Schools Cooperative.

J. NET POSITION

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

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

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

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

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #1 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2018, cash and cash equivalents consisted of cash on deposit and invested in the Illinois Funds Money Market Fund.

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REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. ESTIMATES

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

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost in the government-wide financial statements. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Office equipment and furniture	5-10 years
Computer equipment	3 years
Software and licenses	2 years

In the governmental fund financial statements, capital assets are reported as capital outlay expenditures when acquired.

N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

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REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the Regional Office of Education #1's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education #1's OPEB Plan and additions to/deductions from the Regional Office of Education #1's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #1's single-employer defined benefit OPEB plan, which utilizes the Alternative Measurement Method. For this purpose, the Regional Office of Education #1's Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

O. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. At the end of the fiscal year, up to ten days of accumulated vacation time can be carried forward. Employee vacation pay is recorded when paid. At June 30, 2018, the liability for unused vacation days was \$6,928, and is shown on the Statement of Net Position.

A full-time employee is entitled to two personal leave days per year. These days must be used in the employee year and may not accumulate from year to year.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

The Regional Office of Education #1 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets.

Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Office of Prevention Effectiveness Services (ROPES), Truants Alternative and Optional Education, ROE/ISC Operations, McKinney Education for Homeless Children, Regional Safe Schools, Child and Family Connections, Regional Safe Schools Cooperative (17-3999), Title II – Teacher Quality – Leadership, Foundational Services, Supporting Effective Educator Development and Education Innovation and Research Grant.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #1 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2018, the carrying amount of the Regional Office of Education #1's government-wide and agency fund deposits were \$1,857,047 and \$1,943, respectively, and the bank balances were \$2,100,565 and \$1,613, respectively. Of the total bank balances as of June 30, 2018, \$579,023 was insured by Federal Depository Insurance Corporation and \$1,523,155 was collateralized by securities pledged by the Regional Office of Education #1's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #1's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #1 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq.

As of June 30, 2018, the Regional Office of Education #1's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$72,354 shown as investments for governmental activities. Certificates of deposit are considered deposits and, as such, are included in the deposit note (2A) above.

CREDIT RISK

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

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #1 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased.

The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities				
Capital assets being depreciated:				
Office furniture	\$ 25,372	\$ 1,500	\$ 2,613	\$ 24,259
Office equipment	334,510	17,658	196,187	155,981
Total capital assets being depreciated	<u>359,882</u>	<u>19,158</u>	<u>198,800</u>	<u>180,240</u>
Less accumulated depreciation:				
Office furniture	(23,572)	(500)	(2,613)	(21,459)
Office equipment	(307,158)	(14,040)	(196,187)	(125,011)
Total accumulated depreciation	<u>(330,730)</u>	<u>(14,540)</u>	<u>(198,800)</u>	<u>(146,470)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 29,152</u>	<u>\$ 4,618</u>	<u>\$ -</u>	<u>\$ 33,770</u>
Business-Type Activities				
Capital assets being depreciated:				
Office Equipment	\$ 1,130	\$ 146	\$ -	\$ 1,276
Less accumulated depreciation:				
Office Equipment	(576)	(255)	-	(831)
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 554</u>	<u>\$ (109)</u>	<u>\$ -</u>	<u>\$ 445</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$14,540 and \$255 was charged to Instructional Services in the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2018. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – LONG-TERM LIABILITIES

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within one year
Governmental activities:					
Net pension liability	\$ 464,498	\$ -	\$ 439,828	\$ 24,670	\$ -
Net OPEB liability	209,996	-	14,762	195,234	-
Compensated absences	6,330	14,752	14,154	6,928	-
Total	<u>\$ 680,824</u>	<u>\$ 14,752</u>	<u>\$ 468,744</u>	<u>\$ 226,832</u>	<u>\$ -</u>

NOTE 5 – DEFINED-BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #1’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #1’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	29
Inactive Plan Members entitled to but not yet receiving benefits	39
Active Plan Members	24
Total	92

Contributions

As set by statute, the Regional Office of Education #1’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #1’s annual contribution rate for calendar year 2017 was 13.61%. For the calendar year ended 2017, the Regional Office of Education #1 contributed \$93,798 to the plan. The Regional Office of Education #1 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #1’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

Single Discount Rate

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

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

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 4,154,526	\$ 3,716,153	\$ 438,373
Changes for the year:			
Service Cost	66,339	-	66,339
Interest on the Total Pension Liability	305,795	-	305,795
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	49,003	-	49,003
Changes of Assumptions	(128,773)	-	(128,773)
Contributions - Employer	-	93,798	(93,798)
Contributions - Employees	-	31,014	(31,014)
Net Investment Income	-	606,097	(606,097)
Benefit Payments, including Refunds of Employee Contributions	(227,763)	(227,763)	-
Other (Net Transfer)	-	(3,278)	3,278
Net Changes	64,601	499,868	(435,267)
Balances at December 31, 2017	\$ 4,219,127	\$ 4,216,021	\$ 3,106

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

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 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability/(Asset)	\$ 533,116	\$ 3,106	\$ (415,501)

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

For the year ending June 30, 2018, the Regional Office of Education #1 recognized pension expense of \$483,513. At June 30, 2018, the Regional Office of Education #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 70,595	\$ -
Changes of assumptions	-	77,107
Net difference between projected and actual earnings on pension plan investments	104,312	277,965
Total Deferred Amounts to be recognized in pension expense in future periods	174,907	355,072
Pension Contributions made subsequent to the Measurement Date	51,965	-
Total Deferred Amounts Related to Pensions	\$ 226,872	\$ 355,072

\$51,965 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

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

Year Ending December 31	Net Deferred Outflows/ (Inflows) of Resources
2018	\$ (6,404)
2019	(36,528)
2020	(70,368)
2021	(66,865)
2022	-
Thereafter	-
Total	<u><u>\$ (180,165)</u></u>

NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #1 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

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

Benefits provided

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #1.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #1. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #1 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #1, and the Regional Office of Education #1 recognized revenue and expenditures of \$111,240 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$968, and are deferred because they were paid after the June 30, 2017, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #1, there is a statutory requirement for the Regional Office of Education #1 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 rates as the state contribution rate to TRS and were much higher.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, there were no salaries paid from federal and special trust funds that required employer contributions.

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

The Regional Office of Education #1 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education #1 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave in excess of the normal annual allotment.

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

At June 30, 2018, the Regional Office of Education #1 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer follows below:

Employers proportionate share of the net pension liability	\$ 21,564
State’s proportionate share of the net pension liability associated with the employer	<u>1,130,310</u>
Total	<u>\$ 1,151,874</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education #1’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education #1’s proportion was .0000282265 percent, which was a decrease of .0000043698 percent from its proportion measured as of June 30, 2016.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2018, the Regional Office of Education #1 recognized pension expense of \$111,240 and revenue of \$111,240 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #1 recognized pension income of \$22,204. At June 30, 2018, the Regional Office of Education #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 234	\$ 9
Net difference between projected and actual earnings on pension plan investments	15	-
Change of assumptions	1,439	620
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,184	42,692
Employer contributions subsequent to the measurement date	968	-
Total	<u>\$ 15,840</u>	<u>\$ 43,321</u>

\$968 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #1 as a reduction of their net pension liabilities in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (23,963)
2020	(3,790)
2021	147
2022	(734)
2023	(109)
	<u>\$ (28,449)</u>

Actuarial assumptions

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

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

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4 %	6.94 %
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.7
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private Equity	14.0	10.63
Total	<u>100 %</u>	

Discount Rate

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

Based on those assumptions, TRS’s fiduciary net position at June 30, 2017 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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

Sensitivity of the Regional Office of Education #1’s proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$ 26,495	\$ 21,564	\$ 17,526

TRS fiduciary net position

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

NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

THIS Plan Description

The Regional Office of Education #1 participates in the Teachers’ Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers’ Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

A percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #1. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #1 were based on the State’s proportionate share of the collective net OPEB liability associated with the Regional Office of Education #1, and recognized revenue and expenditures of \$15,993 in OPEB contributions from the State of Illinois.

Employer contributions to the THIS Fund

The Regional Office of Education #1 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education #1 paid \$1,229 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the Regional Office of Education #1 paid \$1,142 and \$1,294 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.
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Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

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

Single Discount Rate

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

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

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

The following presents the Regional Office of Education #1’s proportionate share of the collective net OPEB liability, as well as what the ROE’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease <u>(2.56%)</u>	Current Discount Rate <u>(3.56%)</u>	1% Increase <u>(4.56%)</u>
Employer’s proportionate share of the collective net OPEB liability	\$ 205,831	\$ 171,646	\$ 144,078

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Continued)

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

The following table shows the Regional Office of Education #1’s net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	<u>1% Decrease^a</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase^b</u>
Employer’s proportionate share of the collective net OPEB liability	\$ 138,440	\$ 171,646	\$ 219,018

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

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

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

At June 30, 2018, the Regional Office of Education #1 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education #1. The amount recognized by the Regional Office of Education #1 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education #1 were as follow:

Employer’s proportionate share of the net OPEB liability	\$ 171,646
State’s proportionate share of the net OPEB liability associated with the employer	<u>225,379</u>
Total	<u>\$ 397,025</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 measurement date. The Regional Office of Education #1’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #1’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #1, actuarially determined. At June 30, 2017, the Regional Office of Education #1’s proportion was 0.000661 percent, which was a decrease of 0.000033 from its proportion measured as of June 30, 2016 (0.000694 percent). The State’s support and total are for disclosure purposes only.

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NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

For the year ending June 30, 2018, the Regional Office of Education #1 recognized OPEB expense of \$15,993 and revenue of \$15,993 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education #1 recognized OPEB expense of \$11,552. At June 30, 2018, the Regional Office of Education #1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 97
Net difference between projected and actual earnings on OPEB plan investments	-	2
Change of assumptions	-	20,437
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,856
Employer contributions subsequent to the measurement date	1,229	-
Total	\$ 1,229	\$ 28,392

\$1,229 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education #1 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education #1’s OPEB expense as follows:

Year ended June 30:

2019	\$	(4,361)
2020		(4,361)
2021		(4,361)
2022		(4,361)
2023		(4,361)
Thereafter		(6,587)
	\$	<u>(28,392)</u>

THIS Fiduciary Net Position

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

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NOTE 8 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB)

Plan Description

The Regional Office of Education #1 provides a single-employer defined benefit OPEB plan by participating in the Western Area School Health Benefit Plan (the WAS Plan) as a member of the Western Area School Association. Benefit terms can be amended by WAS at any time. All full time, permanent employees and their spouses are eligible to participate in the plan and have the option to continue participation upon retirement. The WAS Plan is funded through the Western Area School Employee Benefit Trust, which is a trust that does not meet the criteria in paragraph 4 of statement 75 due to contributions made to the plan being revocable.

Benefits Provided

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

Membership

At June 30, 2017 membership consisted of:

Inactive Employees Currently Receiving Benefit Payments	2
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	0
Active Employees	<u>17</u>
TOTAL	<u>19</u>

Funding Policy and Contributions

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

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

Total OPEB Liability

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

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NOTE 8 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

Actuarial Assumptions

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

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

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NOTE 8 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 20,232
Changes for the period:	
Service Cost	2,545
Interest Cost	811
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	-
Net Change	3,356
 Balance at June 30, 2018	 \$ 23,588

Discount Rate

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

Sensitivity of the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	(2.56%)	Rate	(4.56%)
		(3.56%)	
ROE's Total OPEB Liability	\$ 29,345	\$ 23,588	\$ 19,266

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education #1's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2018 decreasing to an ultimate trend rate of 5.0% in 2023.

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NOTE 8 - WESTERN AREA SCHOOL HEALTH BENEFIT PLAN (OPEB) (Concluded)

	<u>1% Decrease</u> (7.0% decreasing to 4.0%)	Healthcare Cost <u>Trend Rates</u> (8.0% decreasing to 5.0%)	<u>1% Increase</u> (9.0% decreasing to 6.0%)
ROE's Total OPEB Liability	\$ 19,450	\$ 23,588	\$ 28,892

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

For the year ending June 30, 2018, the Regional Office of Education #1 recognized OPEB expense of \$3,356. At June 30, 2018 the Regional Office of Education #1 had no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 9 – RISK MANAGEMENT

The Regional Office of Education #1 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #1 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 – OPERATING LEASES

The Regional Office of Education #1 leased office space at 510 Maine Street, Quincy, Illinois, for \$800 per month. Office space is rented at 651 South Morgan, Virginia, Illinois, for \$500 per year. The lease term began on June 1, 2017, and ended on June 30, 2018. Office space is also leased in Jacksonville, Illinois at 747 West Lafayette Street and 110 North West Street for \$1,667 and \$500, respectively. In addition the Regional Office leases office equipment under multiple agreements with varying end dates.

Total office lease expense was \$41,604 and equipment lease expense was \$10,152 for the year ended June 30, 2018. Future minimum rentals are as follows for the years ending June 30:

2019	\$	6,408
2020		2,856
2021		1,344
2022		840
2023		<u>630</u>
Total	\$	<u>12,078</u>

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NOTE 11 - COMPENSATED ABSENCES

The Regional Office of Education #1 allows vacation time for employees to be accumulated. Upon termination employees receive pay for unused vacation earned. The Regional Office of Education #1 records a liability associated with compensated absences. At June 30, 2018, the balance in this account was \$6,928.

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Governmental Funds	\$ 6,330	\$ 14,753	\$ 14,155	\$ 6,928

NOTE 12 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 141,033	\$ -
Education Fund	-	141,033
	\$ 141,033	\$ 141,033

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2018, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however transactions between governmental and business-type activities have not been eliminated.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 10,164
Education Fund	10,164	-
	\$ 10,164	\$ 10,164

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #1’s General Fund, Education Fund, Proprietary Funds, and Agency Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund	
Local Governments	\$ 11,391
Illinois Department of Public Health	1,384
Education Fund	
Local Governments	24,215
Office of the Comptroller	12,850
Illinois Department of Human Services	92,584
Illinois State Board of Education	62,933
Proprietary Fund	
Local Governments	2,743
Agency Fund	
Local Governments	1,397,389
Total	<u>\$ 1,605,489</u>

Due to Other Governments:

Education Fund	
Local Governments	\$ 1,607
Illinois State Board of Education	23
Agency Fund	
Local Governments	1,399,332
Total	<u>\$ 1,400,962</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 14 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #1:

Regional Superintendent Salary	\$ 115,176
Assistant Regional Superintendent Salary	103,656
Regional Superintendent Benefits (includes State-paid insurance)	33,602
Assistant Regional Superintendent Benefits (includes State-paid insurance)	<u>19,218</u>
Total	<u>\$ 271,652</u>

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

Regional Office of Education #1 also recorded \$111,240 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #1 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 271,652
ROE #1’s share of TRS pension expense	111,240
ROE #1’s share of THIS pension expense	<u>15,993</u>
Total	<u>\$ 398,885</u>

Adams County provides office space to the Regional Office of Education #1 at no charge. The Regional Office of Education recognizes this activity by recording an On-behalf payments – Local revenue and On-behalf expenditures – Local expense. For the year ended June 30, 2018, this activity amounted to \$42,201.

NOTE 15 – REGIONAL OFFICE OF EDUCATION RESTATEMENT

The Regional Office restated the fund balances of the General fund (General Operations fund) and Education fund (Schools Against Fearful Environments (SAFE) fund) to include payments related to fiscal year 2018 that had previously been included in the Regional Office’s fiscal year 2017 financial statements.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 – REGIONAL OFFICE OF EDUCATION RESTATEMENT (Concluded)

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

<u>Governmental Funds</u>	General Fund	Education Fund
Fund Balance - Beginning	\$ 1,119,104	\$ 25,060
Effect of restatement on opening fund balance	(36,167)	(29,643)
Fund Balance - Beginning, restated	\$ 1,082,937	\$ (4,583)

Governmental Activities Net Position

Net Position - July 1, 2017	\$ 1,747,044
Effect of restatement on opening fund balance - General Fund	(36,167)
Effect of restatement on opening fund balance - Education Fund	(29,643)
Net OPEB liability at July 1, 2017	(209,996)
Change in outflows of resources related to contributions made after the June 30, 2016 measurement date	1,278
Net Position, restated - July 1, 2017	\$ 1,472,516

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 16 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

<u>Fund</u>	<u>Amount</u>
Education Fund	
Truants Alternative and Optional Education	\$ 15,197
Schools Against Fearful Environment (SAFE)	23,716
Regional Safe Schools Cooperative	<u>4,018</u>
Total Education Funds	<u>\$ 42,931</u>

REQUIRED SUPPLEMENTARY INFORMATION

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR CALENDAR YEARS
(UNAUDITED)

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 66,339	\$ 64,303	\$ 77,295	\$ 57,403
Interest on the Total Pension Liability	305,795	289,058	261,090	144,347
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	49,003	87,852	241,986	(188,384)
Changes of Assumptions	(128,773)	-	-	72,028
Benefit Payments, including Refunds of Employee Contributions	(227,763)	(210,378)	(191,559)	(73,531)
Net Change in Total Pension Liability	<u>64,601</u>	<u>230,835</u>	<u>388,812</u>	<u>11,863</u>
Total Pension Liability - Beginning	<u>4,154,526</u>	<u>3,923,691</u>	<u>3,534,879</u>	<u>1,931,691</u>
Total Pension Liability - Ending (A)	<u>\$ 4,219,127</u>	<u>\$ 4,154,526</u>	<u>\$ 3,923,691</u>	<u>\$ 1,943,554</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 93,798	\$ 37,847	\$ 69,353	\$ 52,978
Contributions - Employees	31,014	30,577	28,955	21,872
Net Investment Income	606,097	281,663	20,523	132,988
Benefit Payments, including Refunds of Employee Contributions	(227,763)	(210,378)	(191,559)	(73,531)
Other (Net Transfer)	(3,278)	(4,035)	(2,887)	(1,755)
Net Change in Plan Fiduciary Net Position	<u>499,868</u>	<u>135,674</u>	<u>(75,615)</u>	<u>132,552</u>
Plan Fiduciary Net Position - Beginning	<u>3,716,153</u>	<u>3,580,479</u>	<u>3,656,094</u>	<u>2,042,995</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 4,216,021</u>	<u>\$ 3,716,153</u>	<u>\$ 3,580,479</u>	<u>\$ 2,175,547</u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u>\$ 3,106</u>	<u>\$ 438,373</u>	<u>\$ 343,212</u>	<u>\$ (231,993)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>99.93%</u>	<u>89.45%</u>	<u>91.25%</u>	<u>111.94%</u>
Covered Payroll	<u>\$ 689,187</u>	<u>\$ 679,482</u>	<u>\$ 643,447</u>	<u>\$ 486,036</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>0.45%</u>	<u>64.52%</u>	<u>53.34%</u>	<u>-47.73%</u>

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.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 LAST FOUR CALENDAR YEARS
 (UNAUDITED)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 93,798	\$ 93,798	\$ -	\$ 689,187	13.61%
2016	37,847	37,847	-	679,482	5.57%
2015	69,253	69,353	(100)	643,447	10.78%
2014	49,965	52,978	(3,013)	486,036	10.90%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.5%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-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 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF

Other Information:

Notes: There were no benefit changes during the year.

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2018 †
(UNAUDITED)

	FY17*	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000282265%	0.0000297649%	0.0000297649%	0.0000411928%
Employer's proportionate share of the net pension liability	\$ 21,564	\$ 26,125	\$ 19,499	\$ 25,069
State's proportionate share of the net pension liability associated with the employer	1,131,310	1,309,941	1,164,346	1,149,995
Total	\$ 1,152,874	\$ 1,336,066	\$ 1,183,845	\$ 1,175,064
Employer's covered payroll	\$ 135,916	\$ 247,109	\$ 180,642	\$ 187,869
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	15.9%	10.6%	10.8%	13.3%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	36.4%	41.5%	43.0%

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2018 †
(UNAUDITED)

	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 809	\$ 1,065	\$ 1,263	\$ 1,043
Contributions in relation to the statutorily-required contribution	968	1,162	1,163	1,062
Contribution deficiency (excess)	\$ (159)	\$ (97)	\$ 100	\$ (19)
Employer's covered payroll	\$ 139,637	\$ 135,916	\$ 247,109	\$ 180,642
Contributions as a percentage of covered payroll	0.69%	0.85%	0.47%	0.59%

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

Notes to This Required Supplementary Information

Changes of assumptions

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

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
 SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
 TEACHERS' HEALTH INSURANCE SECURITY FUND
 FOR THE YEAR ENDED JUNE 30, 2018 †
 (UNAUDITED)

	<u>2017</u>	<u>2016</u>
Employer's proportion of the collective net OPEB liability	0.000661%	0.000694%
Employer's proportionate share of the collective net OPEB liability	\$ 171,646	\$ 189,764
Employer's covered payroll	\$ 135,916	\$ 161,750
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	126.3%	117.3%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	0.22%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEACHERS' HEALTH INSURANCE SECURITY FUND
 FOR THE YEAR ENDED JUNE 30, 2018 †

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution			
Contributions in relation to the statutorily-required contribution	\$ 1,229	\$ 1,142	\$ 1,065
	<u>1,229</u>	<u>1,278</u>	<u>1,162</u>
Contribution (deficiency) excess	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ 97</u>
Employer's covered payroll	\$ 139,637	\$ 135,916	\$ 161,750
Contributions as a percentage of covered payroll	0.88%	0.84%	0.66%

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 WESTERN AREA SCHOOL HEALTH BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2018 †
 (UNAUDITED)

	FY18
Total OPEB Liability	
Service Cost	\$ 2,545
Interest Cost	811
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Benefit Payments	-
Net Change in Total OPEB Liability	3,356
Total OPEB Liability - Beginning	20,232
Total OPEB Liability - Ending	\$ 23,588
Covered Payroll	\$ 660,015
Total OPEB Liability as a Percentage of Covered Payroll	3.57%

Notes to Schedule:

Changes of Benefit Terms

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

Changes of Assumptions

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

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

OTHER SUPPLEMENTARY INFORMATION

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2018

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
ASSETS					
Cash and cash equivalents	\$ 332,574	\$ 63,845	\$ 536,987	\$ 132,261	\$ 14,779
Accounts receivable	-	-	1,158	3,218	-
Due from other funds	141,033	-	-	-	-
Due from other governments					
Local	10,368	1,023	-	-	-
State	-	-	-	-	-
Investments	-	-	64,989	-	-
TOTAL ASSETS	\$ 483,975	\$ 64,868	\$ 603,134	\$ 135,479	\$ 14,779
LIABILITIES					
Accounts payable	\$ 1,229	\$ 1,597	\$ 34,949	\$ 8,767	\$ -
Unearned revenue	53,685	-	-	-	-
Total liabilities	54,914	1,597	34,949	8,767	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	10,368	573	232	274	-
FUND BALANCE					
Assigned	-	62,698	-	-	-
Unassigned	418,693	-	567,953	126,438	14,779
Total fund balance	418,693	62,698	567,953	126,438	14,779
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 483,975	\$ 64,868	\$ 603,134	\$ 135,479	\$ 14,779

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2018

	Postage Fund	School Directory	Lafayette Academy	Dental Sealants Fund	Pike County Film Coop	Totals
ASSETS						
Cash and cash equivalents	\$ 5,132	\$ 16,858	\$ 3,578	\$ 24,641	\$ 7,493	\$ 1,138,148
Accounts receivable	-	-	-	-	-	4,376
Due from other funds	-	-	-	-	-	141,033
Due from other governments						
Local	-	-	-	-	-	11,391
State	-	-	-	1,384	-	1,384
Investments	-	-	-	-	-	64,989
TOTAL ASSETS	\$ 5,132	\$ 16,858	\$ 3,578	\$ 26,025	\$ 7,493	\$ 1,361,321
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,542
Unearned revenue	-	-	-	-	-	53,685
Total liabilities	-	-	-	-	-	100,227
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	11,447
FUND BALANCE						
Assigned	-	16,858	3,578	26,025	7,493	116,652
Unassigned	5,132	-	-	-	-	1,132,995
Total fund balance	5,132	16,858	3,578	26,025	7,493	1,249,647
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 5,132	\$ 16,858	\$ 3,578	\$ 26,025	\$ 7,493	\$ 1,361,321

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
REVENUES					
Local sources	\$ 343,143	\$ 30,311	\$ -	\$ 29,201	\$ -
On-behalf payments - Local	42,201	-	-	-	-
State sources	-	-	762,244	-	-
On-behalf payments - State	-	-	271,652	-	-
Investment earnings	2,227	328	2,914	2,742	89
Total Revenues	<u>387,571</u>	<u>30,639</u>	<u>1,036,810</u>	<u>31,943</u>	<u>89</u>
EXPENDITURES					
Salaries and benefits	200,982	-	236,840	-	-
Pension expense	18,776	-	15,486	-	-
OPEB expense	-	-	651	-	-
Purchased services	44,924	20,920	74,315	1,775	-
Supplies and materials	3,550	162	3,583	-	1,223
Other objects	-	-	-	-	-
On-behalf expenditures - Local	42,201	-	-	-	-
On-behalf expenditures - State	-	-	271,652	-	-
Intergovernmental:					
Payments to governments	-	-	356,854	-	-
Capital outlay	-	209	9,034	7,126	-
Total Expenditures	<u>310,433</u>	<u>21,291</u>	<u>968,415</u>	<u>8,901</u>	<u>1,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>77,138</u>	<u>9,348</u>	<u>68,395</u>	<u>23,042</u>	<u>(1,134)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(10,164)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(10,164)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	77,138	9,348	58,231	23,042	(1,134)
FUND BALANCE - BEGINNING					
Restated (See Note 13)	<u>341,555</u>	<u>53,350</u>	<u>509,722</u>	<u>103,396</u>	<u>15,913</u>
FUND BALANCE - ENDING	<u>\$ 418,693</u>	<u>\$ 62,698</u>	<u>\$ 567,953</u>	<u>\$ 126,438</u>	<u>\$ 14,779</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	Postage Fund	School Directory	Lafayette Academy	Dental Sealants Fund	Pike County Film Coop	Totals
REVENUES						
Local sources	\$ -	\$ 7,205	\$ -	\$ -	\$ -	\$ 409,860
On-behalf payments - Local	-	-	-	-	-	42,201
State sources	-	-	-	2,630	-	764,874
On-behalf payments - State	-	-	-	-	-	271,652
Investment earnings	29	111	-	131	45	8,616
Total Revenues	<u>29</u>	<u>7,316</u>	<u>-</u>	<u>2,761</u>	<u>45</u>	<u>1,497,203</u>
EXPENDITURES						
Salaries and benefits	-	-	-	-	-	437,822
Pension expense	-	-	-	-	-	34,262
OPEB expense	-	-	-	-	-	651
Purchased services	984	2,619	94	672	-	146,303
Supplies and materials	-	449	-	-	-	8,967
Other objects	-	3,748	-	-	-	3,748
On-behalf expenditures - Local	-	-	-	-	-	42,201
On-behalf expenditures - State	-	-	-	-	-	271,652
Intergovernmental:						
Payments to governments	-	-	-	-	-	356,854
Capital outlay	-	1,500	-	-	-	17,869
Total Expenditures	<u>984</u>	<u>8,316</u>	<u>94</u>	<u>672</u>	<u>-</u>	<u>1,320,329</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(955)</u>	<u>(1,000)</u>	<u>(94)</u>	<u>2,089</u>	<u>45</u>	<u>176,874</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	-	(10,164)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,164)</u>
NET CHANGE IN FUND BALANCE	<u>(955)</u>	<u>(1,000)</u>	<u>(94)</u>	<u>2,089</u>	<u>45</u>	<u>166,710</u>
FUND BALANCE - BEGINNING						
Restated (See Note 13)	<u>6,087</u>	<u>17,858</u>	<u>3,672</u>	<u>23,936</u>	<u>7,448</u>	<u>1,082,937</u>
FUND BALANCE - ENDING	<u>\$ 5,132</u>	<u>\$ 16,858</u>	<u>\$ 3,578</u>	<u>\$ 26,025</u>	<u>\$ 7,493</u>	<u>\$ 1,249,647</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018

	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 35,932	\$ 74	\$ -
Due from other governments:					
Local	-	-	-	-	-
State	-	30,394	-	-	-
Federal	15,854	-	-	-	-
TOTAL ASSETS	\$ 15,854	\$ 30,394	\$ 35,932	\$ 74	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ 6,571	\$ 2,834	\$ -	\$ -
Due to other funds	15,782	23,823	-	-	-
Due to other governments:					
Local	72	-	-	74	-
State	-	-	23	-	-
Unearned revenue	-	-	33,075	-	-
Total Liabilities	15,854	30,394	35,932	74	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	15,197	-	-	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	-	(15,197)	-	-	-
Total Fund Balance (Deficit)	-	(15,197)	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ 15,854	\$ 30,394	\$ 35,932	\$ 74	\$ -

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018

	National School Breakfast Program	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Tracy National Institute for School Leadership
ASSETS					
Cash and cash equivalents	\$ -	\$ 2,062	\$ -	\$ -	\$ 85,466
Due from other governments:					
Local	-	-	-	-	-
State	-	-	6,842	76,730	-
Federal	-	2,446	-	-	-
TOTAL ASSETS	\$ -	\$ 4,508	\$ 6,842	\$ 76,730	\$ 85,466
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 3,941	\$ -	\$ -
Due to other funds	-	-	2,901	76,730	-
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Unearned revenue	-	4,508	-	-	-
Total Liabilities	-	4,508	6,842	76,730	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	-	-
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	85,466
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	85,466
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ -	\$ 4,508	\$ 6,842	\$ 76,730	\$ 85,466

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018

	Schools Against Fearful Environment (SAFE)	Regional Safe Schools Cooperative	Math Blast	Title II - Teacher Quality - Leadership	Early Childhood Education Initiative	Foundational Services
ASSETS						
Cash and cash equivalents	\$ 5,928	\$ -	\$ -	\$ -	\$ 50,713	\$ 7
Due from other governments:						
Local	23,715	-	-	-	500	-
State	-	-	-	-	-	-
Federal	-	8,030	-	1,500	-	13,721
TOTAL ASSETS	\$ 29,643	\$ 8,030	\$ -	\$ 1,500	\$ 51,213	\$ 13,728
LIABILITIES						
Accounts payable	\$ 29,644	\$ -	\$ -	\$ -	\$ 754	\$ -
Due to other funds	-	8,030	-	1,500	-	12,267
Due to other governments:						
Local	-	-	-	-	-	1,461
State	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	29,644	8,030	-	1,500	754	13,728
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	23,715	4,018	-	-	-	-
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	50,459	-
Unassigned	(23,716)	(4,018)	-	-	-	-
Total Fund Balance (Deficit)	(23,716)	(4,018)	-	-	50,459	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ 29,643	\$ 8,030	\$ -	\$ 1,500	\$ 51,213	\$ 13,728

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2018

	Reading: A Healthy Start	Tracy Partners to Lead	Adams County Academic Success Initiative	Supporting Effective Educator Development	Education Innovation and Research Grant	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ 2,500	\$ 70,228	\$ 60,099	\$ 32,896	\$ 345,905
Due from other governments:						
Local	-	-	-	-	-	24,215
State	-	-	-	-	-	113,966
Federal	-	-	-	12,850	-	54,401
TOTAL ASSETS	\$ -	\$ 2,500	\$ 70,228	\$ 72,949	\$ 32,896	\$ 538,487
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,744
Due to other funds	-	-	-	-	-	141,033
Due to other governments:						
Local	-	-	-	-	-	1,607
State	-	-	-	-	-	23
Unearned revenue	-	-	4,500	72,949	32,896	147,928
Total Liabilities	-	-	4,500	72,949	32,896	334,335
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	42,930
FUND BALANCE (DEFICIT)						
Restricted	-	2,500	65,728	-	-	204,153
Unassigned	-	-	-	-	-	(42,931)
Total Fund Balance (Deficit)	-	2,500	65,728	-	-	161,222
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ -	\$ 2,500	\$ 70,228	\$ 72,949	\$ 32,896	\$ 538,487

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	258,357	91,247	529	-
Federal sources	71,263	-	-	-	51,510
Investment earnings	-	-	-	-	-
Total Revenues	<u>71,263</u>	<u>258,357</u>	<u>91,247</u>	<u>529</u>	<u>51,510</u>
EXPENDITURES					
Salaries and benefits	51,894	154,413	73,844	-	-
Pension expense	5,544	12,266	1,933	-	-
OPEB expense	-	362	-	-	-
Purchased services	8,004	26,987	12,970	-	-
Supplies and materials	5,096	2,363	2,500	-	-
Other objects	-	-	-	-	-
Intergovernmental:					
Payments to other governments	-	-	-	529	60,472
Capital outlay	725	-	-	-	-
Total Expenditures	<u>71,263</u>	<u>196,391</u>	<u>91,247</u>	<u>529</u>	<u>60,472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>61,966</u>	<u>-</u>	<u>-</u>	<u>(8,962)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	61,966	-	-	(8,962)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)	<u>-</u>	<u>(77,163)</u>	<u>-</u>	<u>-</u>	<u>8,962</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ (15,197)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	National School Breakfast Program	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Tracy National Institute for School Leadership
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 151,491
State sources	-	-	112,201	458,345	-
Federal sources	17,007	23,899	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	17,007	23,899	112,201	458,345	151,491
EXPENDITURES					
Salaries and benefits	-	18,037	40,313	330,579	18,213
Pension expense	-	2,042	2,404	37,496	-
OPEB expense	-	-	216	-	-
Purchased services	-	2,881	237	53,946	130,575
Supplies and materials	-	939	-	9,442	1,111
Other objects	-	-	-	26,882	-
Intergovernmental:					
Payments to other governments	19,962	-	37,372	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	19,962	23,899	80,542	458,345	149,899
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,955)	-	31,659	-	1,592
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(2,955)	-	31,659	-	1,592
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)	2,955	-	(31,659)	-	83,874
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -	\$ -	\$ 85,466

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	Schools Against Fearful Environment (SAFE)	Regional Safe Schools Cooperative	Math Blast	Title II - Teacher Quality - Leadership	Early Childhood Education Initiative	Foundational Services
REVENUES						
Local sources	\$ 16,940	\$ -	\$ 500	\$ -	\$ 71,522	\$ -
State sources	-	75,048	-	-	-	-
Federal sources	-	-	-	2,200	-	52,811
Investment earnings	248	-	-	-	-	7
Total Revenues	17,188	75,048	500	2,200	71,522	52,818
EXPENDITURES						
Salaries and benefits	-	-	-	-	31,512	25,032
Pension expense	-	-	-	-	21	-
OPEB expense	-	-	-	-	-	-
Purchased services	-	-	-	2,200	7,454	26,897
Supplies and materials	-	-	500	-	27,937	889
Other objects	-	-	-	-	-	-
Intergovernmental:						
Payments to other governments	51,066	40,126	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	51,066	40,126	500	2,200	66,924	52,818
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,878)	34,922	-	-	4,598	-
OTHER FINANCING SOURCES (USES):						
Transfers in	10,164	-	-	-	-	-
Total Other Financing Sources (Uses)	10,164	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(23,714)	34,922	-	-	4,598	-
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)	(2)	(38,940)	-	-	45,861	-
FUND BALANCE (DEFICIT) - ENDING	\$ (23,716)	\$ (4,018)	\$ -	\$ -	\$ 50,459	\$ -

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	Reading: A Healthy Start	Tracy Partners to Lead	Adams County Academic Success Initiative	Supporting Effective Educator Development	Education Innovation and Research Grant	Totals
REVENUES						
Local sources	\$ -	\$ 30,000	\$ 66,022	\$ -	\$ -	\$ 336,475
State sources	-	-	-	-	-	995,727
Federal sources	-	-	-	98,611	2,155	319,456
Investment earnings	-	-	-	-	-	255
Total Revenues	-	30,000	66,022	98,611	2,155	1,651,913
EXPENDITURES						
Salaries and benefits	-	-	-	31,749	-	775,586
Pension expense	-	-	-	3,179	-	64,885
OPEB expense	-	-	-	-	-	578
Purchased services	1,529	27,500	144	56,632	51	358,007
Supplies and materials	-	-	150	-	-	50,927
Other objects	-	-	-	-	-	26,882
Intergovernmental:						
Payments to other governments	-	-	-	7,051	2,104	218,682
Capital outlay	-	-	-	-	-	725
Total Expenditures	1,529	27,500	294	98,611	2,155	1,496,272
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,529)	2,500	65,728	-	-	155,641
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	10,164
Total Other Financing Sources (Uses)	-	-	-	-	-	10,164
NET CHANGE IN FUND BALANCE	(1,529)	2,500	65,728	-	-	165,805
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 15)	1,529	-	-	-	-	(4,583)
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ 2,500	\$ 65,728	\$ -	\$ -	\$ 161,222

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL OFFICE OF PREVENTION EFFECTIVENESS SERVICES (ROPES)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 75,000	\$ 75,000	\$ 71,263
Total Revenue	<u>75,000</u>	<u>75,000</u>	<u>71,263</u>
EXPENDITURES			
Salaries and benefits	55,907	55,907	51,894
Pension expense	-	-	5,544
Purchased services	10,809	10,809	8,004
Supplies and materials	5,195	5,195	5,096
Other objects	2,314	2,314	-
Capital outlay	775	775	725
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>71,263</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 182,372	\$ 182,372	\$ 258,357
Total Revenue	<u>182,372</u>	<u>182,372</u>	<u>258,357</u>
EXPENDITURES			
Salaries and benefits	149,471	152,271	154,413
Pension expense	-	-	12,266
OPEB Expense	-	-	362
Purchased services	29,925	27,125	26,987
Supplies and materials	2,976	2,976	2,363
Total Expenditures	<u>182,372</u>	<u>182,372</u>	<u>196,391</u>
NET CHANGE IN FUND BALANCE	-	-	61,966
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(77,163)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,197)</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 114,920	\$ 124,322	\$ 91,247
Total Revenue	<u>114,920</u>	<u>124,322</u>	<u>91,247</u>
EXPENDITURES			
Salaries and benefits	91,335	91,897	73,844
Pension expense	-	-	1,933
Purchased services	20,585	29,425	12,970
Supplies and materials	3,000	3,000	2,500
Total Expenditures	<u>114,920</u>	<u>124,322</u>	<u>91,247</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
McKINNEY EDUCATION FOR HOMELESS CHILDREN
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 22,899	\$ 23,899	\$ 23,899
Total Revenue	<u>22,899</u>	<u>23,899</u>	<u>23,899</u>
EXPENDITURES			
Salaries and benefits	19,580	20,080	18,037
Pension expense	-	-	2,042
Purchased services	3,067	3,567	2,881
Supplies and materials	252	252	939
Total Expenditures	<u>22,899</u>	<u>23,899</u>	<u>23,899</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 80,542	\$ 80,542	\$ 112,201
Total Revenue	<u>80,542</u>	<u>80,542</u>	<u>112,201</u>
EXPENDITURES			
Salaries and benefits	39,084	39,084	40,313
Pension expense	-	-	2,404
OPEB Expense	-	-	216
Purchased services	4,086	4,086	237
Intergovernmental:			
Payments to other governments	<u>37,372</u>	<u>37,372</u>	<u>37,372</u>
Total Expenditures	<u>80,542</u>	<u>80,542</u>	<u>80,542</u>
NET CHANGE IN FUND BALANCE	-	-	31,659
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(31,659)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
CHILD AND FAMILY CONNECTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 458,345	\$ 458,345	\$ 458,345
Federal sources	-	-	-
Total Revenue	<u>458,345</u>	<u>458,345</u>	<u>458,345</u>
EXPENDITURES			
Salaries and benefits	364,472	364,472	330,579
Pension expense	-	-	37,496
Purchased services	55,215	55,215	53,946
Supplies and materials	10,662	10,662	9,442
Other objects	27,996	27,996	26,882
Total Expenditures	<u>458,345</u>	<u>458,345</u>	<u>458,345</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS COOPERATIVE (17-3999)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 40,126	\$ 40,126	\$ 75,048
Total Revenue	<u>40,126</u>	<u>40,126</u>	<u>75,048</u>
EXPENDITURES			
Payments to other governments	<u>40,126</u>	<u>40,126</u>	<u>40,126</u>
Total Expenditures	<u>40,126</u>	<u>40,126</u>	<u>40,126</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 34,922
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(38,940)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,018)</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY - LEADERSHIP
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 2,205	\$ 2,205	\$ 2,200
Total Revenue	<u>2,205</u>	<u>2,205</u>	<u>2,200</u>
EXPENDITURES			
Purchased services	2,205	2,205	2,200
Total Expenditures	<u>2,205</u>	<u>2,205</u>	<u>2,200</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
FOUNDATIONAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 84,563	\$ 84,563	\$ 52,811
Investment earnings	-	-	7
Total Revenue	<u>84,563</u>	<u>84,563</u>	<u>52,818</u>
EXPENDITURES			
Salaries and benefits	28,770	33,690	25,032
Purchased services	45,679	47,259	26,897
Supplies and materials	2,114	2,114	889
Intergovernmental:			
Payments to other governments	8,000	1,500	-
Total Expenditures	<u>84,563</u>	<u>84,563</u>	<u>52,818</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SUPPORTING EFFECTIVE EDUCATOR DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 277,000	\$ 277,000	\$ 98,611
Total Revenue	<u>277,000</u>	<u>277,000</u>	<u>98,611</u>
EXPENDITURES			
Salaries and benefits	169,000	169,000	31,749
Pension Expense	-	-	3,179
Purchased services	108,000	108,000	56,632
Intergovernmental:			
Payments to other governments	-	-	7,051
Total Expenditures	<u>277,000</u>	<u>277,000</u>	<u>98,611</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EDUCATION INNOVATION AND RESEARCH GRANT
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 42,000	\$ 42,000	\$ 2,155
Total Revenue	<u>42,000</u>	<u>42,000</u>	<u>2,155</u>
EXPENDITURES			
Salaries and benefits	-	-	-
Purchased services	7,000	7,000	51
Intergovernmental:			
Payments to other governments	35,000	35,000	2,104
Total Expenditures	<u>42,000</u>	<u>42,000</u>	<u>2,155</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 38,196	\$ 30,489	\$ 195,197	\$ 263,882
Accounts receivable	-	650	-	650
Investments	-	-	7,365	7,365
TOTAL ASSETS	<u><u>\$ 38,196</u></u>	<u><u>\$ 31,139</u></u>	<u><u>\$ 202,562</u></u>	<u><u>\$ 271,897</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 183	\$ -	\$ 183
Total Liabilities	<u>-</u>	<u>183</u>	<u>-</u>	<u>183</u>
FUND BALANCE				
Restricted	<u>38,196</u>	<u>30,956</u>	<u>202,562</u>	<u>271,714</u>
Total Fund Balance	<u>38,196</u>	<u>30,956</u>	<u>202,562</u>	<u>271,714</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 38,196</u></u>	<u><u>\$ 31,139</u></u>	<u><u>\$ 202,562</u></u>	<u><u>\$ 271,897</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION #1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Education Development	Bus Driver Training	Institute	Totals
REVENUES				
Local sources	\$ 2,980	\$ 5,105	\$ 65,069	\$ 73,154
State sources	-	1,347	-	1,347
Investment earnings	56	161	1,323	1,540
Total Revenues	<u>3,036</u>	<u>6,613</u>	<u>66,392</u>	<u>76,041</u>
EXPENDITURES				
Salaries and benefits	-	-	9,114	9,114
Pension expense	-	-	1,160	1,160
Purchased services	58	3,311	20,273	23,642
Supplies and materials	603	837	5,314	6,754
Other objects	-	712	-	712
Capital outlay	-	209	355	564
Total Expenditures	<u>661</u>	<u>5,069</u>	<u>36,216</u>	<u>41,946</u>
NET CHANGE IN FUND BALANCE	2,375	1,544	30,176	34,095
FUND BALANCE - BEGINNING	<u>35,821</u>	<u>29,412</u>	<u>172,386</u>	<u>237,619</u>
FUND BALANCE - ENDING	<u>\$ 38,196</u>	<u>\$ 30,956</u>	<u>\$ 202,562</u>	<u>\$ 271,714</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION #1
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>PIKE COUNTY SCHOOL FACILITY</u>				
<u>OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 1,041	\$ 5,394,776	\$ 5,393,874	\$ 1,943
Due from other governments	<u>1,330,464</u>	<u>1,397,389</u>	<u>1,330,464</u>	<u>1,397,389</u>
Total Assets	<u>\$ 1,331,505</u>	<u>\$ 6,792,165</u>	<u>\$ 6,724,338</u>	<u>\$ 1,399,332</u>
LIABILITIES				
Due to other governments	<u>\$ 1,331,505</u>	<u>\$ 6,792,165</u>	<u>\$ 6,724,338</u>	<u>1,399,332</u>
Total Liabilities	<u>\$ 1,331,505</u>	<u>\$ 6,792,165</u>	<u>\$ 6,724,338</u>	<u>\$ 1,399,332</u>