STATE OF ILLINOIS
Carroll, Jo Daviess, and Stephenson Counties
REGIONAL OFFICE OF EDUCATION #8

FINANCIAL AUDIT
For the Year Ended June 30, 2018

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

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REGIONAL OFFICE OF EDUCATION #8
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CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8

OFFICIALS

Regional Superintendent (Current and during the audit period)	Honorable Aaron Mercier
Assistant Regional Superintendent (During the audit period through June 30, 2019)	Brent Chrisman
Assistant Regional Superintendent (July 1, 2019 and current)	Jen Newendyke

Office is located at:

27 S. State Avenue, Suite 101
Freeport, Illinois 61032

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

Details of the audit findings are included in a separate report section.

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
FINDINGS (*GOVERNMENT AUDITING STANDARDS*)			
2018-001	11-13	Controls Over Financial Statement Preparation	Material Weakness
2018-002	14-15	Delay of Audit	Noncompliance

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

None

EXIT CONFERENCE

The Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2018. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. Responses to the recommendations were provided by Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 on April 22, 2020.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unmodified opinion on Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements.

Winkel, Parker & Foster, CPA PC
Certified Public Accountants & Consultants

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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8'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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, 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 a Matter
As discussed in Note 14 to the financial statements, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 adopted new accounting guidance related to Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are 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 Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, Teacher's Health Insurance Security Fund - Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, Teacher's Health Insurance Security Fund - Schedule of Employer Contributions, and Retiree Health Plan - Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios on pages 74 through 78 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.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of

Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities are 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 combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2020 on our consideration of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8'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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8'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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Clinton, Iowa
April 23, 2020

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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's basic financial statements, and have issued our report thereon dated April 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8'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 Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-002.

Regional Office of Education #8's Responses to Findings

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Clinton, Iowa
April 23, 2020

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended 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 weakness(es) identified?	x	yes		no
Significant deficiency(ies) identified?		yes	x	none reported
Noncompliance material to financial statements noted?		yes	x	no

Section II: Financial Statement Findings:

FINDING 2018-001 - Controls Over Financial Statement Preparation (Repeat of findings 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1 and 10-1)

Criteria/Specific Requirement:

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

Regional Office of Education #8 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Section II: Financial Statement Findings:

FINDING 2018-001 - Controls Over Financial Statement Preparation (Repeat of findings 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1 and 10-1) (Continued)

Condition (continued)**:**

During review of the ROE's financial information, it was noted the Regional Office did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments were proposed in order to ensure those balances were accurate.

Effect:

Regional Office of Education #8's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause:

The Regional Office of Education # 8's management indicated they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP.

Auditors' recommendation:

As part of internal control over the preparation of financial statements, including disclosures, Regional Office of Education #8 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the ROE's activities and operations.

Section II: Financial Statement Findings:

FINDING 2018-001 - Controls Over Financial Statement Preparation (Repeat of findings 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1 and 10-1) (Continued)

Management's Response:

The Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The ROE 8 has contracted with an outside company to prepare financial statements in accordance with GAAP. We will continue to work on our internal procedures and with our financial report preparer to improve our accuracy in reporting.

Section II: Financial Statement Findings:

FINDING 2018-002 - Delay of Audit

Criteria/Specific Requirement:

The Regional Office of Education #8 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office of Education #8 did not provide financial reports to auditors by August 31, 2018 for their fiscal year 2018 audit. The trial balance was provided to auditors in November 2018. The draft financial report was provided to auditors in October 2019.

Effect:

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

Section II: Financial Statement Findings:

FINDING 2018-002 - Delay of Audit (Continued)

Cause:

The Regional Office of Education #8 contracted with a known financial firm to prepare the financial reports as needed to be delivered to the auditor. Unfortunately, this firm was not able to complete the work on the timeline of the contract in order to meet the deadline.

Auditors' Recommendation:

The Regional Office of Education #8 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

As the Regional Office of Education #8 does not have the capacity to compile the financial statements in accordance with GAAP, we have contracted with a firm that we believe will be able to prepare the reports by the deadline.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDING 2018-001 - Controls Over Financial Statement Preparation (Repeat of findings 17-001, 16-001, 15-001, 14-001, 13-001, 12-1, 11-1 and 10-1)

Condition:

Regional Office of Education #8 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the ROE's financial information, it was noted the Regional Office did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments were proposed in order to ensure those balances were accurate.

Plan:

The Regional Office of Education understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The ROE has contracted with an outside company to prepare financial statements in accordance with GAAP. We will continue to work on our internal procedures and with our financial report preparer to improve our accuracy in reporting.

Anticipated Completion Date:

Ongoing

Contact Person Responsible for Corrective Action:

Regional Superintendent, Aaron Mercier, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDING 2018-002 - Delay of Audit

Condition:

The Regional Office of Education No. 8 did not provide financial reports to auditors by August 31, 2018 for their fiscal year 2018 audit. The trial balance was provided to auditors in November 2018. The draft financial report was provided to auditors in October 2019.

Plan:

As the Regional Office of Education #8 does not have the capacity to compile the financial statements in accordance with GAAP, we have contracted with a firm that we believe will be able to prepare the reports by the deadline.

Anticipated Completion Date:

August 2020

Contact Person Responsible for Corrective Action:

Regional Superintendent, Aaron Mercier, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
Year Ended June 30, 2018

None

BASIC FINANCIAL STATEMENTS

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,831,351	$ 118,430	$ 1,949,781
Accounts receivable	399	130	529
Due from other governments	757,682	9,283	766,965
Total current assets	2,589,432	127,843	2,717,275
Non-current assets:			
Capital assets, net of depreciation	23,871	2,037	25,908
Net pension asset	201,110	-	201,110
Total non-current assets	224,981	2,037	227,018
Total assets	2,814,413	129,880	2,944,293
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,433,131	-	1,433,131
Deferred outflows related to OPEB	158,017	-	158,017
Total deferred outflows of resources	1,591,148	-	1,591,148
LIABILITIES			
Current liabilities:			
Accounts payable	236,980	-	236,980
Accrued expenses	249,598	-	249,598
Due to other governments	608,964	-	608,964
Unearned revenue	22,244	-	22,244
Total current liabilities	1,117,786	-	1,117,786
Non-current liabilities:			
Accrued compensated absences	5,667	-	5,667
OPEB liabilities	1,460,749	-	1,460,749
Net pension liability	1,953,147	-	1,953,147
Total non-current liabilities	3,419,563	-	3,419,563
Total liabilities	4,537,349	-	4,537,349
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	334,926	-	334,926
Deferred inflows related to OPEB	149,956	-	149,956
Total deferred inflows of resources	484,882	-	484,882
NET POSITION			
Net investment in capital assets	23,871	2,037	25,908
Unrestricted	(919,156)	127,843	(791,313)
Restricted - other	278,615	-	278,615
Total net position	$ (616,670)	$ 129,880	$ (486,790)

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expenses) Revenues and Change in Net Position		
				Primary Government		
			Operating			
		Charges for	Grants and	Governmental	Business-Type	
FUNCTIONS/PROGRAMS	**Expenses**	**Services**	**Contributions**	**Activities**	**Activities**	**Total**
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries and benefits	$ 2,483,932	$ 26,688	$ 1,148,564	$ (1,308,680)	$ -	$ (1,308,680)
Pension expense	634,418	1,042	79,761	(553,615)	-	(553,615)
OPEB expense	128,084	-	-	(128,084)	-	(128,084)
Purchased services	704,388	13,344	577,472	(113,572)	-	(113,572)
Supplies and materials	80,114	625	63,809	(15,680)	-	(15,680)
Other objects	80,939	-	70,190	(10,749)	-	(10,749)
Capital outlay	36,867	-	15,952	(20,915)	-	(20,915)
Depreciation	12,289	-	-	(12,289)	-	(12,289)
Intergovernmental:						
Payments to other governments	1,235,476	-	1,234,706	(770)	-	(770)
Administrative:						
On-behalf payments	1,195,820	-	-	(1,195,820)	-	(1,195,820)
Total governmental activities	6,592,327	41,699	3,190,454	(3,360,174)	-	(3,360,174)
Business-type activities:						
Professional development	103,350	129,863	-	-	26,513	26,513
Total primary government	$ 6,695,677	$ 171,562	$ 3,190,454	(3,360,174)	26,513	(3,333,661)
General revenues:						
Local sources				1,149,992	-	1,149,992
State sources				509,896	-	509,896
On-behalf payments				1,195,820	-	1,195,820
Transfers				(2,072)	2,072	-
Total general revenues and transfers				2,853,636	2,072	2,855,708
CHANGE IN NET POSITION				(506,538)	28,585	(477,953)
NET POSITION, BEGINNING OF YEAR, AS RESTATED (NOTE 14)				(110,132)	101,295	(8,837)
NET POSITION, END OF YEAR				$ (616,670)	$ 129,880	$ (486,790)

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Special Revenue: Education Fund	Special Revenue: Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,112,101	$ 653,875	$ 65,375	$ 1,831,351
Accounts receivable	399	-	-	399
Due from other governments	364,070	392,442	1,170	757,682
Due from other funds	114,107	-	-	114,107
Total assets	1,590,677	1,046,317	66,545	2,703,539
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,590,677	$ 1,046,317	$ 66,545	$ 2,703,539
LIABILITIES				
Accounts payable	$ 4,919	$ 232,061	$ -	$ 236,980
Accrued expenses	177,614	71,058	926	249,598
Due to other governments	-	608,964	-	608,964
Due to other funds	14,003	100,104	-	114,107
Unearned revenue	-	22,244	-	22,244
Total liabilities	196,536	1,034,431	926	1,231,893
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	222,102	159,706	-	381,808
FUND BALANCE (DEFICIT)				
Restricted	-	11,122	65,619	76,741
Assigned	132	-	-	132
Unassigned	1,171,907	(158,942)	-	1,012,965
Total fund balance (deficit)	1,172,039	(147,820)	65,619	1,089,838
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 1,590,677	$ 1,046,317	$ 66,545	$ 2,703,539

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balance of governmental funds (page 22)		$ 1,089,838
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 governmental funds.		23,871
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are considered "unavailable" and are deferred inflows of resources in the governmental funds.		381,808
Non-current assets related to pension benefits are collected but are not payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension asset		201,110
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in thecurrent year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	1,591,148	
Deferred inflows of resources	(484,882)	
		1,106,266
Non-current liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Compensated absences	(5,667)	
OPEB liabilities	(1,460,749)	
Net pension liability	(1,953,147)	
		(3,419,563)
Net position of governmental activities (page 20)		$ (616,670)

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

		Special Revenue		
	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES:				
Local sources	$ 970,474	$ 79,893	$ 41,699	$ 1,092,066
State sources	509,896	3,277,217	1,282	3,788,395
Federal sources	-	87,387	-	87,387
On-behalf payments	269,394	-	-	269,394
Total revenues	1,749,764	3,444,497	42,981	5,237,242
EXPENDITURES:				
Instructional Services:				
Salaries and benefits	1,330,988	1,149,802	12,176	2,492,966
Pension expense	58,496	74,941	531	133,968
OPEB expense	7,627	1,345	-	8,972
Purchased services	121,432	576,911	6,045	704,388
Supplies and materials	16,007	63,775	332	80,114
Other objects	10,453	70,486	-	80,939
Intergovernmental:				
Payments to other governments	-	1,235,476	-	1,235,476
Administrative:				
On-behalf payments	269,394	-	-	269,394
Capital outlay	29,921	15,222	-	45,143
Total expenditures	1,844,318	3,187,958	19,084	5,051,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(94,554)	256,539	23,897	185,882
OTHER FINANCING SOURCES (USES):				
Transfers in	132,249	2,015	-	134,264
Transfers out	(133,829)	(2,072)	(435)	(136,336)
Total other financing sources (uses)	(1,580)	(57)	(435)	(2,072)
NET CHANGE IN FUND BALANCE (DEFICIT)	(96,134)	256,482	23,462	183,810
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	1,268,173	(404,302)	42,157	906,028
FUND BALANCE (DEFICIT), END OF YEAR	$ 1,172,039	$ (147,820)	$ 65,619	$ 1,089,838

The accompanying notes are an integral part of the financial statements.

EXHIBIT F

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

Net change in fund balance (page 24)	$ 183,810
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	8,276
Depreciation	(12,289)
	(4,013)
Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred inflows of resources. They are however, recorded as revenues in the Statement of Activities.	(75,807)
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 government funds.	
Compensated absences	701
OPEB expense	(119,112)
OPEB expense - implicit rate subsidy	8,333
Pension expense	(500,450)
	(610,528)
Change in net position of governmental activities (page 21)	$ (506,538)

The accompanying notes are an integral part of the financial statements.

EXHIBIT G

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities Enterprise Fund
	Workshops
ASSETS	
Current assets:	
Cash and cash equivalents	$ 118,430
Accounts receivable	130
Due from other governments	9,283
Total current assets	127,843
Non-current assets:	
Capital assets, net of depreciation	2,037
Total assets	129,880
DEFERRED OUTFLOWS OF RESOURCES	
None	-
LIABILITIES	
None	-
DEFERRED INFLOWS OF RESOURCES	
None	-
NET POSITION	
Net investment in capital assets	2,037
Unrestricted	127,843
TOTAL NET POSITION	$ 129,880

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	Workshops
OPERATING REVENUES:	
Charges for services	$ 129,863
OPERATING EXPENSES:	
Salaries	54,171
Benefits	5,320
Purchased services	40,775
Supplies and materials	2,830
Depreciation	254
Total operating expenses	103,350
OPERATING INCOME BEFORE TRANSFERS	26,513
Transfers in	2,072
CHANGE IN NET POSITION	28,585
NET POSITION, BEGINNING OF YEAR	101,295
NET POSITION, END OF YEAR	$ 129,880

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
	Workshops
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for workshops and services	$ 140,291
Payments to suppliers and providers of goods and services	(43,605)
Payments to employees	(59,491)
Net cash provided by operating activities	37,195
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from (to) other funds	2,072
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of capital assets	(2,291)
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,976
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	81,454
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 118,430
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 26,513
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	254
Effects of changes in assets and liabilities:	
Accounts receivable	70
Due from other governments	10,358
Net cash provided by operating activities	$ 37,195

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ 50,279	$ 24,768
Investments	1,177,733	-
Rent receivable	19,356	-
Due from other governments	-	495,608
Property and equipment, net	707,368	-
Total assets	1,954,736	520,376
LIABILITIES		
Due to other governments	-	520,376
Deposits	2,000	-
Unearned revenue	9,856	-
Total liabilities	11,856	520,376
NET POSITION		
Held in trust for other purposes	$ 1,942,880	$ -

The accompanying notes are an integral part of the financial statements.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Funds
ADDITIONS:	
Rent	$ 153,618
Interest and dividends	28,105
Realized gain (loss) on investments	6,001
Unrealized gain (loss) on investments	(15,113)
Total additions	172,611
DEDUCTIONS:	
Purchased services	58,882
Scholarships	157,250
Depreciation	1,421
Total deductions	217,553
DEFICIENCY OF ADDITIONS UNDER DEDUCTIONS	(44,942)
OTHER FINANCING SOURCES (USES):	
Transfers in	137,452
Transfers out	(137,452)
Total other financing sources (uses)	-
CHANGE IN NET POSITION	(44,942)
NET POSITION, BEGINNING OF YEAR	1,987,822
NET POSITION, END OF YEAR	$ 1,942,880

The accompanying notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 (the ROE) is an entity that is a result of an Education Service Region becoming a Regional Office of Education as of August 7, 1995. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). The ROE encompasses Carroll, Jo Daviess, and Stephenson Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The functions of the ROE include, but are not limited to the following:

- Processing teachers' licenses
- Teaching initial and refresher classes for school bus drivers within the ROE
- Reviewing life/safety requirements for schools in conjunction with the State of Illinois
- Issuing newsletters regarding new Illinois life/safety requirements
- Monitoring compliance with State laws and Department of Education policies and procedures
- Providing direction to teachers and school officials on science, art and teaching methods
- Implementing the State Board of Education's Policy Programs
- Encouraging camaraderie among teachers through the teachers' institute

The ROE's reporting entity includes all related organizations for which Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 exercises oversight responsibility.

The Superintendent has developed criteria to determine whether outside agencies with activities which benefit the citizens served by the ROE should be included within its financial reporting entity. The criteria includes, but is not limited to whether the Superintendent (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability or fiscal matters (i.e., financial budget approval, management of assets, etc.). The Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements.

In addition, the Superintendent is not aware of any entity which would exercise such oversight which would result in the ROE being considered a component unit of the entity. The ROE is the Administrative Agent for two joint agreements - the Jo Daviess-Carroll Area Vocational Center and the Eagle Ridge Vocational System. These joint agreements are not considered part of the ROE's GAAP reporting entity and are not included in these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Jo Daviess-Carroll Area Vocational Center provides advanced vocational training to high school juniors and seniors and adults seeking retraining.

The Eagle Ridge Vocational Delivery System includes all the Jo Daviess County school districts and the West Carroll school districts in Carroll County. It allocates state vocational funding among member districts and updates vocational programs into sequential programs leading to marketable skills. The Delivery System reimburses the ROE for certain administrative costs.

Basis of Presentation

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The resources allocated to and accounted for in individual funds are based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

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

General Fund - accounts for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The general fund is the operating fund of the ROE and is accounted and reported for as a major governmental fund in the financial statements. The following are included in the general fund:

Counties Support - used to account for monies received for, and payment of, expenditures in connection with general administration activities. The source of these monies is from the three county boards for which the ROE serves.

ROE Programs and Services - an intergovernmental agreement used to provide services and programs such as criminal background investigations on substitute teachers and centralized scoring of standardized tests. This Intergovernmental Agreement is also used as an umbrella organization for grants and cooperative bidding.

Medical Reimbursement - collection of payroll deductions from participating employees. The Regional Superintendent is responsible for reimbursing the cost of employee's medical expenses.

Special Services - used to account for various miscellaneous expenditures as approved by the ROE. Revenues are primarily derived from interest earnings or invested cash and reimbursements from other entities for administration and accounting for miscellaneous grants and programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds - accounts and reports for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are restricted to expenditures for specified purposes. The ROE reports the following special revenue funds as major governmental funds:

Education Fund - accounts and reports for the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

Truants' Alternative/Optional Education - used to account for grant monies received for, and payment of, expenses of the Truants' Alternative Program.

Early Childhood Block Grants - used to account for grant monies received for, and payment of, expenses for developing and operating programs for parents of young children.

Early Intervention Infants/Toddlers - used to account for grant monies received for and payment of, expenses for an early intervention program for special needs children. Program is also called Community Access Point/System Point of Entry (CAP/SPOE).

Regional Safe Schools - used to account for grant monies received for, and payment of, alternative programs for disruptive youths in grades 6-12.

Hearing and Vision Grant - used to account for grant monies received for, and payment of, expenses for conducting hearing and vision screenings for preschool children.

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

Workforce Investment Act - used to account for grant monies received for, and expenditures incurred to provide financial and technical assistance to qualified recipients in order to support workforce investment activities.

McKinney Homeless Grant - used to ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children.

Title II - Teacher Quality - Leadership Program - used to account for grant monies received, and expenditures incurred to support, programs associated with assisting new teachers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Child Nutrition - used to account for student payments and ISBE funds received, and payment of expenses, for food services for the Recreation Afterschool Program (RAP).

System of Statewide Support Foundational Service - used to account for grant monies received for, and payment of expenses, under the Statewide System of Support Foundational Services Grant Program.

Title I - used to account for grant monies received for, and payment of, expenses to train educators at all levels in incorporating Science, Technology, Engineering and Mathematics hands-on activities into existing curriculum at all grade level and subject areas to increase critical thinking, communication, collaboration and creativity.

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

General Educational Development - used to account for resources accumulated for, and payment of, expenses of administering the General Educational Development test. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Bus Driver - used to account for resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

Institute - used to account for resources accumulated for, and payment of, expenses of administering teachers' institutes, workshops, and meetings. All funds generated remain restricted until expended only on the aforementioned activities.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The ROE reports the following major proprietary fund:

Workshops - used to account for workshops associated with various grant programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

Private Purpose Trust Funds - used to account for assets held by the ROE under trust agreements which require income earned to be used to benefit individuals through scholarship awards. The ROE private-purpose trust funds include the following:

E.H. Parriott Scholarship Trust Principal Fund - used to maintain the trust principal. Income is used to pay for scholarships.

E.H. Parriott Scholarship Trust Income Fund - used to account for day-to-day operations of the farm and to pay out scholarships from investment and farm income.

Agency Funds - accounts for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The Agency Funds include the following:

Distributive Fund - State and Federal funds are distributed by the Illinois State Board of Education to the ROE. The ROE is responsible for forwarding these monies to local school districts and others in Carroll, Jo Daviess, and Stephenson Counties.

Distributive Interest Fund - used to account for interest earned on flow-through funds to be distributed to local school districts received from the Illinois State Board of Education. The Superintendent uses the interest money to develop in-service activities and other innovative programs, with the consent of all affected school boards and other entities.

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 as are the proprietary fund and fiduciary financial statements. 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 revenues are recognized as soon as all eligibility requirements imposed by the provider have been satisfied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The ROE considers revenues to be available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the ROE.

The ROE records on-behalf payments made by the State to the Teachers’ Retirement System and the Teacher’s Health Insurance Security Fund as revenue and expenditures.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the ROE 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 ROE’s policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned, if any.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the ROE’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The ROE maintains its financial records on the cash basis. The financial statements of the ROE are prepared by making memorandum adjusting entries to the cash basis financial records.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance

Fund Balance is the net amount of assets, deferred outflows of resources, 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, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - The portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Early Intervention Infants/Toddlers, Hearing and Vision Grant, and Child Nutrition. The following fund balances are restricted by Illinois State Statute: Bus Driver and Institute.

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

Assigned Fund Balance - The portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Counties Support fund has an assigned fund balance.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances for ROE Programs and Services, Special Services, Early Childhood Block Grants, and Regional Safe Schools are considered unassigned.

Net Position

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

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition of those assets.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position - the net amount of 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.

Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

The following accounting policies are followed in preparing the balance sheet:

Cash and investments - The cash and investment balances of the ROE are valued at fair value.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education, other agencies, and districts.

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the ROE as assets with an initial, individual cost in excess of $1,500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight-line method over 5-10 years.

Property, plant and equipment in the private-purpose trust fund are recorded at cost.

Property, plant and equipment are depreciated in the private-purpose trust fund using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20
Equipment	10

Impairment of long-lived assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated absences - Full-time 12-month employees earn vacation time according to their length of service ranging from 2 to 20 days per year. Vacation time must be used by the end of the fiscal year. However, with the approval of the Department Head, an employee may carry forward 3 days, which must be used within the first 3 months of the following fiscal year. Upon termination employees are paid for accrued, unused vacation time. The ROE records a liability associated with compensated absences.

Employees receive 10 sick days and 2 personal business days annually. Personal leave days are not accumulated from one fiscal year to the next. Unused sick days are accumulated and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore, no liability is accrued.

Unearned revenue - Unearned revenue arises when proceeds have been received but will be spent in a succeeding fiscal year.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows of resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements 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 Statement of Net Position consist of unrecognized items not yet charged to pension and OPEB expense.

Management 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. Actual results could differ from those estimates.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgets and Budgetary Accounting

The ROE did not formally adopt a budget for the year ended June 30, 2018 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedules for the following programs: Truants’ Alternative/Optional Education, Early Childhood Block Grants, Early Intervention Infants/Toddlers, Regional Safe Schools, ROE/ISC Operations, Workforce Investment Act, McKinney Homeless Grant, Title II - Teacher Quality - Leadership Program, and System of Statewide Support Foundational Service.

Subsequent Events

Management has evaluated subsequent events through April 23, 2020, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposit of the ROE monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2018, the carrying amount of the ROE's primary government deposits was $1,876,900 and the bank balance was $2,032,658. The ROE's primary government also had $72,881 invested in the Illinois Funds at year-end.

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, the ROE's deposits may not be returned. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2018, all of the ROE's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in the ROE's name.

A reconciliation of cash for the primary government is as follows:

Cash and Cash Equivalents	Carrying Amount
Governmental Funds	$ 1,831,351
Enterprise Funds	118,430
	$ 1,949,781

Investments - Private-Purpose Trusts

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

Investments of the E.H. Parriott Scholarship Trust Funds are held in a trust account. These investments are carried in marketable securities with readily determinable fair values based on quoted prices in active markets in the Statement of Fiduciary Net Position. Unrealized gains and losses are included in the change in net position in the accompanying Statement of Changes in Fiduciary Net Position.

Interest Rate Risk
The ROE does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk and Concentration of Credit Risk
The ROE does not have a formal investment policy that would limit its investment choices or would limit the amount the ROE may invest in one issuer.

The ROE uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurements for investments were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

At year-end, the ROE has the following investments:

	Morningstar Rating	Cost	Market Value
Principal Fund			
Cash Equivalents			
Mutual Funds			
First American Prime Obligation Fund Class Y	Unrated	$ 1,534	$ 1,534
Fixed Income Investments			
Mutual Funds			
American Century Diversified Bond Instl	***	362,501	346,071
Baird Aggregate Bond Fund Instl Shares	*****	140,000	139,208
Nuveen Inflation Pro Sec Class I	***	58,934	63,150
Crossingbridge Long Short Credit Fund	**	24,000	23,466
Eaton Vance Global MacRo Fund Class I	***	32,425	31,139
Total Fixed Income Investments		617,860	603,034
Equity Investments			
Mutual Funds			
John Hancock Funds III Disciplined V I	***	21,299	25,102
T Rowe Price Growth Stock Fund #40	****	12,724	36,412
Vanguard Mid Cap Index Adm	*****	19,306	25,945
Vanguard Small Cap Index Fund	*****	10,882	16,877
Vanguard 500 Index Admiral	*****	22,207	29,555
iShares MSCI EAFE International Index	***	27,342	31,489
Rebeco Boston Partners L/S Research	***	21,766	24,048
Total Equity Investments		135,526	189,428
Total Principal Fund		754,920	793,996

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Morningstar Rating	Cost	Market Value
Income Fund			
Cash Equivalents			
First American Prime Obligation Fund Class Y	Unrated	$ 29,564	$ 29,564
Fixed Income Investments			
Mutual Funds			
American Century Diversified Bond Instl	***	120,103	115,622
Baird Aggregate Bond Fund Instl Shares	*****	86,300	83,458
Columbia Corporate Inc Fund	***	60,393	57,741
Federated Inst High Yield Bond Fund	*****	18,882	18,043
Nuveen Inflation Pro Sec Class I	***	36,241	36,368
Crossingbridge Long Short Credit Fund	**	14,613	14,405
Eaton Vance Global MacRo Fund Class I	***	29,473	28,536
Total Fixed Income Investments		366,005	354,173
Total Income Fund		395,569	383,737
Total Investments		$ 1,150,489	$ 1,177,733

NOTE 3 - CAPITAL ASSETS

Governmental Activities:

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Depreciable Capital Assets				
Furniture and Equipment	$ 85,144	$ 8,276	$ (12,399)	$ 81,021
Less Accumulated Depreciation				
Furniture and Equipment	(57,260)	(12,289)	12,399	(57,150)
Total Net Capital Assets	$ 27,884	$ (4,013)	$ -	$ 23,871

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Depreciable Capital Assets				
Furniture and Equipment	$ -	$ 2,291	$ -	$ 2,291
Less Accumulated Depreciation				
Furniture and Equipment	-	(254)	-	(254)
Total Net Capital Assets	$ -	$ 2,037	$ -	$ 2,037

Depreciation expense was charged as follows:

Governmental Activities: Instructional Services	$ 12,289
Business-Type Activities	254

Fiduciary Activities:

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Depreciable Capital Assets				
Farmland and Land Improvements	$ 600,000	$ -	$ -	$ 600,000
Farm Building Improvements	291,632	-	-	291,632
	891,632	-	-	891,632
Less Accumulated Depreciation	(182,843)	(1,421)	-	(184,264)
Total Net Capital Assets	$ 708,789	$ (1,421)	$ -	$ 707,368

Depreciation expense was charged as follows:
Fiduciary Funds:
Private Purpose Trust Fund

E.H. Parriott Scholarship Trust Principal Fund	$ 1,421

NOTE 4 – NON-CURRENT LIABILITIES

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

Type of Debt	Restated Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due within One Year
Governmental Activities					
Compensated Absences	$ 6,368	$ 38,343	$ 39,044	$ 5,667	$ -
Net Pension Liability - IMRF	250,816	-	250,816	-	-
Net Pension Liability - TRS	1,322,394	630,753	-	1,953,147	-
Collective Net OPEB Liability - THIS	1,147,573	105,815	-	1,253,388	-
Total OPEB Liability - Retiree Health Plan	203,669	3,692	-	207,361	-
	$ 2,930,820	$ 778,603	$ 289,860	$ 3,419,563	$ -

NOTE 5 - EMPLOYEE BENEFIT PLAN

The ROE's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Carroll, Jo Daviess, and Stephenson Counties and the ROE through grant monies on behalf of the ROE staff employees and grant coordinators.

a. Occupy a job normally requiring 600 hours or more per year;
b. Are paid on a regular payroll from County or Regional Office of Education #8 funds;
c. Were under age sixty when first entering employment; and
d. Are not covered by another State created retirement system for the same service.

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

The Regional Superintendent and Assistant Regional Superintendent of the ROE are paid by the State of Illinois. Certain staff employees of the ROE's office are employed and paid by Carroll, Jo Daviess, or Stephenson counties (other support staff and grant coordinators are paid by the Region through grant monies). The ROE has no separate employee benefit plan.

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Illinois Municipal Retirement System

IMRF Plan Description
The ROE's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The ROE's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. 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.

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.

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Employees Covered by Benefit Terms
As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to but not yet Receiving Benefits	43
Active Plan Members	45
Total	123

Contributions
As set by statute, the ROE's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2017 was 8.66%. For the fiscal year ended June 30, 2018, the ROE contributed $114,930 to the plan. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset)
The ROE's net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

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

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

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

- 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	Target	Long-Term Expected Real Return
Fixed Income	28.00%	3.00%
Domestic Equity	37.00%	6.85%
International Equity	18.00%	6.75%
Real Estate	9.00%	5.75%
Alternative Investments	7.00%	2.65% - 7.35%
Cash Equivalents	1.00%	2.25%

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability (asset). 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%.

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	$ 4,479,935	$ 4,229,119	$ 250,816
Changes for the year:			
Service Cost	133,702	-	133,702
Interest on the Total Pension Liability	334,179	-	334,179
Difference Between Expected and Actual Experience of the Total Pension Liability	84,557	-	84,557
Changes of Assumptions	(140,774)	-	(140,774)
Contributions - Employer	-	109,649	(109,649)
Contributions - Employees	-	65,831	(65,831)
Net Investment Income	-	691,841	(691,841)
Benefit Payments, including Refunds of Employee Contributions	(189,797)	(189,797)	-
Other (Net Transfer)	-	(3,731)	3,731
Net Changes	221,867	673,793	(451,926)
Balances at December 31, 2017	$ 4,701,802	$ 4,902,912	$ (201,110)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	$ 435,455	$ (201,110)	$ (714,312)

NOTE 5 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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

For the year ended June 30, 2018, the ROE recognized pension expense of $124,654. At June 30, 2018, the ROE 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	Totals
Difference Between Expected and Actual Experience	$ 105,375	$ -	$ 105,375
Change in Assumptions	-	(103,771)	(103,771)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(174,129)	(174,129)
Total Pension Expense to be Recognized in Future Periods	105,375	(277,900)	(172,525)
Pension Contributions Made Subsequent to the Measurement Date	60,878	-	60,878
Total Deferred Amounts Related to IMRF	$ 166,253	$ (277,900)	$ (111,647)

$60,878 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.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	$ 5,939
2019	(14,685)
2020	(88,056)
2021	(75,723)
Total	$ (172,525)

NOTE 6 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan description
The ROE participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants 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.

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.

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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 ROE.

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2018, state of Illinois contributions recognized by the ROE were based on the state's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of $809,621 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 $5,913 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 ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling $129,949 were paid from federal and special trust funds that required employer contributions of $13,125. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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 ROE is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the ROE paid no employer contributions for retirements that occurred before July 1, 2016.

The ROE 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 ROE did not make any employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2018, the ROE reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's Proportionate Share of the Net Pension Liability	$ 1,953,147
State's Proportionate Share of the Net Pension Liability Assocated with the Employer	8,226,585
Total	$ 10,179,732

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 ROE's proportion of the net pension liability was based on the ROE's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the ROE's proportion was .0025565377 percent which was an increase of .0008812656 from its proportion measured as of June 30, 2016.

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

For the year ended June 30, 2018, the ROE recognized pension expense of $809,621 and revenue of $809,621 for support provided by the state. For the year ended June 30, 2018, the ROE recognized pension expense of $509,764. At June 30, 2018, the ROE 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	Totals
Differences Between Expected and Actual Experience	$ 21,213	$ (902)	$ 20,311
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,340	-	1,340
Changes of Assumptions	130,359	(56,124)	74,235
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,094,928	-	1,094,928
Total Pension Expense to be Recognized in Future Periods	1,247,840	(57,026)	1,190,814
Employer Contributions Subsequent to the Measurement Date	19,038	-	19,038
Total Deferred Amounts Related to TRS	$ 1,266,878	$ (57,026)	$ 1,209,852

$19,038 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ended June 30,	Net Deferred Outflows of Resources
2019	$ 350,573
2020	357,583
2021	327,125
2022	140,437
2023	15,096
	$ 1,190,814

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Actuarial assumptions

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

Inflation:	2.50 Percent
Salary Increases:	Varies by Amount of Service Credit
Investment Rate of Return:	7.00 Percent, Net of Pension Plan Investment Expense, Including Inflation

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities Large Cap	14.4%	6.94%
U.S. Equities Small/Mid Cap	3.6%	8.09%
International Equities Developed	14.4%	7.46%
Emerging Market Equities	3.6%	10.15%
U.S. Bonds Core	10.7%	2.44%
International Debt Developed	5.3%	1.70%
Real Estate	15.0%	5.44%
Commodities (Real Return)	11.0%	4.28%
Hedge Funds (Absolute Return)	8.0%	4.16%
Private Equity	14.0%	10.63%
Total	100%	

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Liability	$ 2,399,697	$ 1,953,147	$ 1,587,386

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 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers Health Insurance Security Fund

Plan Description

The ROE participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

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 contribute to the THIS Fund.

The 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 THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. For the year ended June 30, 2018, State of Illinois contributions recognized by the ROE were based on the State's proportionate share of the collective net OPEB liability associated with the ROE, and recognized revenue and expenditures of $116,805 in OPEB contributions from the State of Illinois.

Employer Contributions to THIS Fund. The ROE 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, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid $8,972 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8 paid $9,333 and $7,823 to the THIS Fund, respectively, which was 100 percent of the required contribution.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

Inflation:	2.75%
Salary Increases:	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return:	0%, net of OPEB plan investment expense, including inflation, for all plan years.
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 cost 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 cost on and after 2020 to account for the Excise Tax.

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

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

Single Discount Rate

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

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

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the ROE's proportionate share of the collective net OPEB liability, 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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's Proportionate Share of the Collective Net OPEB Liability	$ 1,504,030	$ 1,253,388	$ 1,052,791

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the ROE's proportionate share of the collective net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's Proportionate Share of the collective net OPEB Liability	$ 1,011,593[a]	$ 1,253,388	$ 1,600,385[b]

[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.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

At June 30, 2018, the ROE reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the ROE. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and was rolled forward to the June 30, 2017 measurement date. The ROE's proportion of the collective net OPEB liability was based on a projection of the ROE's long-term share of contributions to the OPEB plan relative to the projected contributions of the ROE, actuarially determined. At June 30, 2017, the ROE's proportion was 0.004830 percent, which was an increase of 0.000632 from its proportion measured as of June 30, 2016 (0.004198 percent). The State's support and total are for disclosure purposes only. The amount recognized by the ROE 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 ROE were as follow:

Employer's Proportionate Share of the Collective Net OPEB Liability	$ 1,253,388
State's Proportionate Share of the Collective Net OPEB Liability Associated with the Employer	1,646,080
Total	$ 2,899,468

For the year ending June 30, 2018, the ROE recognized OPEB expense of $116,805 and revenue of $116,805 for support provided by the State. For the year ending June 30, 2018, the ROE recognized OPEB expense of $116,059. At June 30, 2018, the ROE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	$ -	$ (710)	$ (710)
Net Difference Between Projected and Actual Earnings on OPEB plan Investments	-	(14)	(14)
Changes of Assumptions	-	(149,232)	(149,232)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	149,045	-	149,045
Total OPEB Expense to be Recognized in Future Periods	149,045	(149,956)	(911)
Employer Contributions Subsequent to the Measurement Date	8,972	-	8,972
Total Deferred Amounts Related to THIS	$ 158,017	$ (149,956)	$ 8,061

$8,972 reported as deferred outflows of resources related to OPEB resulting from ROE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the ROE's OPEB expense as follows:

Fiscal Year		Net Deferred (Inflows) of Resources
2019	$	(140)
2020		(140)
2021		(140)
2022		(140)
2023		(140)
Thereafter		(211)
Total	$	(911)

THIS Fund Balance Net Position

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

<u>Retiree Health Plan</u>

Plan Administration. The ROE's defined benefit OPEB plan, Retiree's Health Plan (RHP), provides OPEB for all permanent full-time general and public safety employees of the ROE. RHP is a single-employer defined benefit OPEB plan administered by the ROE. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the ROE Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Eligibility Provisions.
Full-Time Employees - IMRF
- Tier I IMRF Full-Time employees:
    - Age 55 with at least 8 years of service (Reduced Pension)
    - Age 55 with at least 30 years of service (Reduced Pension)
    - Age 55 with at least 35 years of service (Full Pension)
    - Age 60 with at least 8 years of service (Full Pension)
- Tier II IMRF Full-Time employees:
    - Age 62 with at least 10 years of service (Reduced Pension)
    - Age 62 with at least 30 years of service (Reduced Pension)
    - Age 62 with at least 35 years of service (Full Pension)
    - Age 67 with at least 10 years of service (Full Pension)

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided. The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE insurance provider.

Plan Membership. As of June 30, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	43
Total	44

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation. The employer contributions and benefit payments of $8,333 are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from an OPEB Trust.

Total OPEB Liability

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

Actuarial Assumptions and Other Inputs. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Salary Increases	2.25%
Discount Rate	3.87%
Annual Blended Premiums	PPO: Premiums charged for coverage of retiree and spouse, regardless of age, are $5,487 and $5,802, repectively HSA: Premiums charged for coverage of retiree and spouse, regardless of age, are $4,562 and $4,825, repectively
Healthcare cost trend rates	Initial trend rate is based on the 2018 Segal Health Plan Cost trend survey. PPO: For fiscal years on and after 2018, trend starts at 7.70% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%. HSA: For fiscal years on and after 2018, trend starts at 7.80% for both non-Medicare costs and post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retirees' Share of Benefit-Related Costs	100% of benefit-related costs

Mortality rates were based on the following:

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

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

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

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

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are 2 participants impacted by this assumption.

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

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

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	$ 203,669
Changes for the Year:	
Service Cost	4,304
Interest	7,721
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Benefit Payments	(8,333)
Changes of Assumptions or Other Inputs	-
Net Change	3,692
Balance at June 30, 2018	$ 207,361

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education No. 8, then only the municipal bond rate is used in determining the total OPEB liability.

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

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

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Municipal Bond Rate

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

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

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

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	$ 245,243	$ 207,361	$ 177,503

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

The following presents the 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 for the H.S.A plan are 7.80% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage. The key trend rates for the PPO plan are 7.70% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both non-Medicare coverage and post-Medicare coverage.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	$ 173,940	$ 207,361	$ 249,512

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

For the year ended June 30, 2018, the ROE recognized OPEB expense of $12,025. At June 30, 2018, the ROE did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 8 - LEASES

The E.H. Parriott Scholarship Trust is the lessor of several parcels of farm land and attached buildings under various separate lease arrangements ranging from month-to-month rentals on buildings to 3-year noncancelable leases on farm land. Rental income for the fiscal year ended June 30, 2018 was $153,618. Future rental payments are as follows:

Fiscal Year	Amount
2019	$ 121,545
2020	62,703
2021	7,029
2022	75
Total	$ 191,352

NOTE 9 - OPERATING LEASES

On June 9, 2009, the ROE entered into a lease agreement with Oehlert Rentals LLC for office space located at 1770 West State Street in Sycamore, Illinois. The term of the lease is twelve months effective July 1, 2009 with original rent at $598 per month. The ROE has renewed the lease each subsequent fiscal year.

On June 11, 2013, the ROE entered into a lease agreement with 27 State Centre LLC for office space located at 27 South State Avenue, Freeport, Illinois. The term of the lease is 10 years effective August 1, 2013, with original rent at $2,268 per month with annual increases. A security deposit of $5,833 was made upon the onset of the lease.

NOTE 9 - OPERATING LEASES (CONTINUED)

On June 16, 2016, the ROE entered into a lease agreement with the Sterling Community Unit School District #5 for one classroom located at 506 West Fourth Street, Sterling, Illinois. The term of the lease is effective from July 1, 2017 through June 30, 2018, with monthly rent of $331.

Total rent expense for the year was $41,639. Future rental payments are as follows:

Fiscal Year	Amount
2019	$ 31,329
2020	32,166
2021	33,004
2022	33,841
2023	34,678
Thereafter	2,896
Total	$ 167,914

NOTE 10 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salary and benefit contributions on-behalf of the ROE:

Regional Superintendent - Salary	$ 110,208
Regional Superintendent - Benefits (includes state paid insurance)	38,061
Assistant Regional Superintendent - Salary	99,192
Assistant Regional Superintendent - Benefits (includes state paid insurance)	21,933
Total On-Behalf Payments	$ 269,394

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The ROE recorded the on-behalf payments as both revenues and expenditures in the general fund.

The ROE also recorded $926,426 in revenues and expenses as on-behalf payments from ISBE for the ROE's share of the State's Teachers' Retirement System (TRS) pension expense and Teachers' Health Insurance Security Fund OPEB expense in the Statement of Activities. In addition, the ROE has not included any on-behalf payments related to the State's TRS pension expense and THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendent.

NOTE 10 - ON-BEHALF PAYMENTS (CONTINUED)

State of Illinois On-Behalf Payments	$ 269,394
Regional Office of Education No. 8's Share of TRS Pension Expense	809,621
Regional Office of Education No. 8's Share of THIS OPEB Expense	116,805
Total	$ 1,195,820

NOTE 11 - DUE FROM/TO OTHER GOVERNMENTS

The ROE's General Fund, Special Revenue Funds, Enterprise Funds, and Agency Funds have funds due from and to various other governmental units which consist of the following:

Due from Other Governments:	
General Fund	
Local Governments	$ 364,070
Education Fund	
Local Governments	107,701
Illinois State Board of Education	284,741
Nonmajor Special Revenue Funds	
Local Governments	1,170
Proprietary Fund	
Local Governments	9,283
Agency Funds	
Local Governments	495,608
Total	$ 1,262,573

Due to Other Governments:	
Education Fund	
Local Governments	$ 608,964
Agency Funds	
Local Governments	520,376
Total	$ 1,129,340

NOTE 12 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2018 were:

Fund	Due From	Due To
General Fund		
Counties Support	$ -	$ 14,003
ROE Programs and Services	5,213	-
Special Services	108,894	-

NOTE 12 - DUE FROM/TO FUNDS (CONTINUED)

Fund	Due From	Due To
Education Fund		
Truants' Alternative/Optional Education	$ -	$ 129
Early Childhood Block Grants	-	5,025
Early Intervention Infants/Toddlers	-	55,716
Regional Safe Schools	-	1,856
Workforce Investment Act	-	17,896
McKinney Homeless Grant	-	640
Title II - Teacher Quality - Leadership Program	-	463
System of Statewide Support Foundational Service	-	18,379
	$ 114,107	$ 114,107

NOTE 13 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2018:

Fund	Transfers In	Transfers Out
General Fund		
ROE Programs and Services	$ 131,119	$ -
Special Services	1,130	133,829
Education Fund		
Workforce Investment Act	1,015	-
Title II - Teacher Quality - Leadership Program	1,000	-
System of Statewide Support Foundational Service	-	2,072
Nonmajor Governmental		
General Educational Development	-	435
Proprietary Fund		
Workshops	2,072	-
Private Purpose Trust Funds		
E.H. Parriott Scholarship Trust Principal Fund	-	137,452
E.H. Parriott Scholarship Trust Income Fund	137,452	-
	$ 273,788	$ 273,788

NOTE 14 - RESTATEMENT

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

Governmental Activities Net Position	
Net position, July 1, 2017, as previously reported	$ 1,222,303
Net OPEB liability measured under previous standards	9,474
Net OPEB liability at July 1, 2017	(1,351,242)
Change in deferred outflows of resources related to contributions made after the June 30, 2016 measurement date	9,333
Net position, July 1, 2017, as restated	$ (110,132)

NOTE 15 - DEFICIT FUND BALANCES

At June 30, 2018, the following funds had deficit fund balances. They are expected to correct themselves in 2019, through payments from other governments and local funds.

Fund	Deficit
General Fund	
ROE Programs and Services	$ 39
Education Fund	
Early Childhood Block Grants	154,149
Regional Safe Schools	4,793

NOTE 16 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

Interest earned on the investment of the Distributive Fund is remitted by the ROE in accordance with the Carroll, Jo Daviess, and Stephenson Intergovernmental Agreement.

NOTE 17 - RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The ROE assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 18 - NEW PRONOUNCEMENTS

In 2018, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*. The ROE implemented these standards during the current year. The implementation of GASB Statement No. 75 established new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. GASB Statement No. 85 addresses certain practice issues identified during implementation and application of other GASB Statements, including GASB Statement No. 75. GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues* also became effective for the current year, but these statements had no impact on the ROE’s financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY (ASSET) AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST FOUR CALENDAR YEARS

Calendar year ended December 31,	2017	2016	2015	2014
Total pension liability				
Service cost	$ 133,702	$ 130,938	$ 127,294	$ 125,563
Interest on the total pension liability	334,179	307,310	287,554	259,500
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience of the total pension liability	84,557	94,785	5,417	(5,936)
Changes of assumptions	(140,774)	-	-	148,745
Benefit payments, including refunds of employee contributions	(189,797)	(162,521)	(154,833)	(158,372)
Net change in total pension liability	221,867	370,512	265,432	369,500
Total pension liability - beginning	4,479,935	4,109,423	3,843,991	3,474,491
Total pension liability - ending (A)	$ 4,701,802	$ 4,479,935	$ 4,109,423	$ 3,843,991
Plan fiduciary net position				
Contributions - employer	$ 109,649	$ 112,898	$ 107,663	$ 127,929
Contributions - employees	65,831	62,852	57,386	50,011
Net investment income	691,841	296,581	(9,698)	230,555
Benefit payments, including refunds of employee contributions	(189,797)	(162,521)	(154,833)	(158,372)
Other (net transfer)	(3,731)	(4,518)	1,365	(3,043)
Net change in plan fiduciary net position	673,793	305,292	1,883	247,080
Plan fiduciary net position - beginning	4,229,119	3,923,827	3,921,944	3,674,864
Plan fiduciary net position - ending (B)	$ 4,902,912	$ 4,229,119	$ 3,923,827	$ 3,921,944
Net pension liability (asset) - ending (A) - (B)	$ (201,110)	$ 250,816	$ 185,596	$ (77,953)
Plan fiduciary net position as a percentage of the total pension liability	104.28%	94.40%	95.48%	102.03%
Covered payroll	$ 1,266,166	$ 1,248,880	$ 1,167,343	$ 1,098,751
Net pension liability (asset) as a percentage of covered payroll	-15.88%	20.08%	15.90%	-7.09%

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.

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FOUR CALENDAR YEARS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2014	$ 121,083	$ 127,929	$ 6,846	$ 1,098,751	11.64%
2015	107,629	107,663	34	1,167,343	9.22%
2016	112,899	112,898	(1)	1,248,880	9.04%
2017	109,649	109,649	-	1,266,166	8.66%

Notes to the Required Supplementary Information:
Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate

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

Methods and Assumptions Used to Determine the 2017 Contribution Rates:

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

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

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8

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*

	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0025565377%	.0016752721%	.0003002285%	.0001705991%
Employer's proportionate share of the net pension liability	$ 1,953,147	$ 1,322,394	$ 196,680	$ 103,824
State's proportionate share of the net pension liability associated with the employer	8,226,585	7,761,373	5,140,668	4,759,660
Total	$ 10,179,732	$ 9,083,767	$ 5,337,348	$ 4,863,484
Employer's covered payroll	$ 1,111,066	$ 982,417	$ 794,538	$ 771,604
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	175.8%	134.6%	24.8%	13.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

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

	2018	2017	2016	2015	2014
Statutorily-required contribution	$ 19,038	$ 105,328	$ 64,878	$ 10,520	$ 9,028
Contributions in relation to the statutorily-required contribution	19,038	105,328	64,878	10,520	9,028
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 1,019,538	$ 1,111,066	$ 982,417	$ 794,538	$ 771,604
Contributions as a percentage of covered payroll	1.87%	9.48%	6.60%	1.32%	1.17%

Notes to Required Supplementary Information

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

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

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

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET OPEB LIABILITY
TEACHER'S HEALTH INSURANCE SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2018*

	2017	2016
Employer's proportion of the net OPEB liability	0.004830%	0.004198%
Employer's proportionate share of the net OPEB liability	$ 1,253,388	$ 1,147,573
State's proportionate share of the net OPEB liability associated with the employer	1,646,080	1,591,150
Total	$ 2,899,468	$ 2,738,723
Employer's covered payroll	$ 1,111,066	$ 982,417
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	112.8%	116.8%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

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

	2018	2017	2016
Statutorily-required contribution	$ 8,972	$ 9,333	$ 7,823
Contributions in relation to the statutorily-required contribution	8,972	9,333	7,823
Contribution deficiency (excess)	$ -	$ -	$ -
Employer's covered payroll	$ 1,019,538	$ 1,111,066	$ 982,417
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

Notes to Required Supplementary Information

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

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

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

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8

RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	2018
Total OPEB Liability	
Service Cost	$ 4,304
Interest	7,721
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	-
Benefit Payments	(8,333)
Net Change in Total OPEB Liability	3,692
Total OPEB Liability - Beginning	203,669
Total OPEB Liability - Ending	$ 207,361
Covered Payroll	$ 1,431,209
Total OPEB Liability as a Percentage of Covered Payroll	14.49%

Notes:
This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	HSA	PPO
2018	7.80%	7.70%
2019	7.49%	7.40%
2020	7.18%	7.10%
2021	6.87%	6.80%
2022	6.56%	6.50%
2023	6.24%	6.20%
2024	5.93%	5.90%
2025	5.62%	5.60%
2026	5.31%	5.30%
2027	5.00%	5.00%
Ultimate	5.00%	5.00%

In 2018, there was no change in the healthcare trend rates from the prior year.

SUPPLEMENTARY INFORMATION

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2018

	Counties Support	ROE Programs and Services	Medical Reimbursement	Special Services	Total
ASSETS					
Cash and cash equivalents	$ -	$ 4,346	$ 700	$ 1,107,055	$ 1,112,101
Accounts receivable	-	-	-	399	399
Due from other governments	15,382	9,000	-	339,688	364,070
Due from other funds	-	5,213	-	108,894	114,107
Total assets	15,382	18,559	700	1,556,036	1,590,677
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 15,382	$ 18,559	$ 700	$ 1,556,036	$ 1,590,677
LIABILITIES					
Accounts payable	$ -	$ 144	$ 700	$ 4,075	$ 4,919
Accrued expenses	1,247	18,454	-	157,913	177,614
Due to other funds	14,003	-	-	-	14,003
Total liabilities	15,250	18,598	700	161,988	196,536
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	222,102	222,102
FUND BALANCE (DEFICIT)					
Assigned	132	-	-	-	132
Unassigned	-	(39)	-	1,171,946	1,171,907
Total fund balance (deficit)	132	(39)	-	1,171,946	1,172,039
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 15,382	$ 18,559	$ 700	$ 1,556,036	$ 1,590,677

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	Counties Support	ROE Programs and Services	Medical Reimbursement	Special Services	Totals
REVENUES:					
Local sources	$ 129,858	$ 117,944	$ 3,973	$ 718,699	$ 970,474
State sources	-	-	-	509,896	509,896
On-behalf payments	269,394	-	-	-	269,394
Total revenues	399,252	117,944	3,973	1,228,595	1,749,764
EXPENDITURES:					
Instructional Services:					
Salaries	73,356	119,835	-	862,300	1,055,491
Benefits	20,730	21,828	-	232,939	275,497
Pension expense	6,684	10,975	-	40,837	58,496
OPEB expense	-	946	-	6,681	7,627
Purchased services	30,727	49,313	-	41,392	121,432
Supplies and materials	-	3,812	-	12,195	16,007
Other objects	2,368	2,728	3,937	1,420	10,453
Administrative:					
On-behalf payments	269,394	-	-	-	269,394
Capital outlay	-	29,921	-	-	29,921
Total expenditures	403,259	239,358	3,937	1,197,764	1,844,318
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,007)	(121,414)	36	30,831	(94,554)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	131,119	-	1,130	132,249
Transfers out	-	-	-	(133,829)	(133,829)
Total other financing sources (uses)	-	131,119	-	(132,699)	(1,580)
NET CHANGE IN FUND BALANCE (DEFICIT)	(4,007)	9,705	36	(101,868)	(96,134)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	4,139	(9,744)	(36)	1,273,814	1,268,173
FUND BALANCE (DEFICIT), END OF YEAR	$ 132	$ (39)	$ -	$ 1,171,946	$ 1,172,039

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2018

	Truants' Alternative/ Optional Education	Early Childhood Block Grants	Early Intervention Infants/ Toddlers	Regional Safe Schools	Hearing and Vision Grant	ROE/ISC Operations	Workforce Investment Act
ASSETS							
Cash and cash equivalents	$ 12,557	$ 635,829	$ -	$ -	$ 5,155	$ -	$ -
Due from other governments	4,551	269,723	64,347	9,888	920	-	19,415
Total assets	17,108	905,552	64,347	9,888	6,075	-	19,415
DEFERRED OUTFLOWS OF RESOURCES							
None	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 17,108	$ 905,552	$ 64,347	$ 9,888	$ 6,075	$ -	$ 19,415
LIABILITIES							
Accounts payable	$ -	$ 231,340	$ -	$ -	$ -	$ -	$ 660
Accrued expenses	16,979	37,979	3,245	7,996	-	-	859
Due to other governments	-	608,964	-	-	-	-	-
Due to other funds	129	5,025	55,716	1,856	-	-	17,896
Unearned revenue	-	22,244	-	-	-	-	-
Total liabilities	17,108	905,552	58,961	9,852	-	-	19,415
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	154,149	-	4,829	612	-	-
FUND BALANCE (DEFICIT)							
Restricted	-	-	5,386	-	5,463	-	-
Unassigned	-	(154,149)	-	(4,793)	-	-	-
Total fund balance (deficit)	-	(154,149)	5,386	(4,793)	5,463	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 17,108	$ 905,552	$ 64,347	$ 9,888	$ 6,075	$ -	$ 19,415

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2018

	McKinney Homeless Grant	Title II - Teacher Quality - Leadership Program	Child Nutrition	System of Statewide Support Foundational Service	Title I	Totals
ASSETS						
Cash and cash equivalents	$ -	$ -	$ 334	$ -	$ -	$ 653,875
Due from other governments	640	463	116	18,379	4,000	392,442
Total assets	640	463	450	18,379	4,000	1,046,317
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 640	$ 463	$ 450	$ 18,379	$ 4,000	$ 1,046,317
LIABILITIES						
Accounts payable	$ -	$ -	$ 61	$ -	$ -	$ 232,061
Accrued expenses	-	-	-	-	4,000	71,058
Due to other governments	-	-	-	-	-	608,964
Due to other funds	640	463	-	18,379	-	100,104
Unearned revenue	-	-	-	-	-	22,244
Total liabilities	640	463	61	18,379	4,000	1,034,431
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	116	-	-	159,706
FUND BALANCE (DEFICIT)						
Restricted	-	-	273	-	-	11,122
Unassigned	-	-	-	-	-	(158,942)
Total fund balance (deficit)	-	-	273	-	-	(147,820)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	$ 640	$ 463	$ 450	$ 18,379	$ 4,000	$ 1,046,317

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	Truants' Alternative/ Optional Education	Early Childhood Block Grants	Early Intervention Infants/ Toddlers	Regional Safe Schools	Hearing and Vision Grant	ROE/ISC Operations	Workforce Investment Act
REVENUES:							
Local sources	$ -	$ -	$ -	$ -	$ 3,212	$ -	$ 76,681
State sources	176,041	2,300,346	600,440	85,533	4,592	110,000	-
Federal sources	-	-	-	-	-	-	-
Total revenues	176,041	2,300,346	600,440	85,533	7,804	110,000	76,681
EXPENDITURES:							
Instructional Services:							
Salaries	80,710	309,043	378,354	37,480	2,645	70,860	43,647
Benefits	15,314	69,601	67,738	6,425	191	6,831	6,411
Pension expense	7,392	22,298	34,940	2,178	247	3,304	3,982
OPEB expense	-	903	-	-	-	377	-
Purchased services	12,302	412,308	82,101	9,392	1,361	15,567	19,037
Supplies and materials	681	35,764	13,851	3,406	-	4,617	1,309
Other objects	3,261	40,544	18,212	1,603	-	2,045	2,370
Intergovernmental:							
Payments to other governments	-	1,235,476	-	-	-	-	-
Capital outlay	-	1,548	6,417	-	-	6,399	858
Total expenditures	119,660	2,127,485	601,613	60,484	4,444	110,000	77,614
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	56,381	172,861	(1,173)	25,049	3,360	-	(933)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	1,015
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	1,015
NET CHANGE IN FUND BALANCE (DEFICIT)	56,381	172,861	(1,173)	25,049	3,360	-	82
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(56,381)	(327,010)	6,559	(29,842)	2,103	-	(82)
FUND BALANCE (DEFICIT), END OF YEAR	$ -	$ (154,149)	$ 5,386	$ (4,793)	$ 5,463	$ -	$ -

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

SCHEDULE 4
(CONTINUED)

	McKinney Homeless Grant	Title II - Teacher Quality - Leadership Program	Child Nutrition	System of Statewide Support Foundational Service	Title I	Totals
REVENUES:						
Local sources	$ -	$ -	$ -	$ -	$ -	$ 79,893
State sources	-	-	265	-	-	3,277,217
Federal sources	9,037	1,763	19,575	52,948	4,064	87,387
Total revenues	9,037	1,763	19,840	52,948	4,064	3,444,497
EXPENDITURES:						
Instructional Services:						
Salaries	3,000	-	-	44,374	3,715	973,828
Benefits	580	-	-	2,599	284	175,974
Pension expense	270	-	-	330	-	74,941
OPEB expense	-	-	-	65	-	1,345
Purchased services	933	1,763	18,883	3,221	43	576,911
Supplies and materials	2,571	-	620	934	22	63,775
Other objects	-	1,000	125	1,326	-	70,486
Intergovernmental:						
Payments to other governments	-	-	-	-	-	1,235,476
Capital outlay	-	-	-	-	-	15,222
Total expenditures	7,354	2,763	19,628	52,849	4,064	3,187,958
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,683	(1,000)	212	99	-	256,539
OTHER FINANCING SOURCES (USES):						
Transfers in	-	1,000	-	-	-	2,015
Transfers out	-	-	-	(2,072)	-	(2,072)
Total other financing sources (uses)	-	1,000	-	(2,072)	-	(57)
NET CHANGE IN FUND BALANCE (DEFICIT)	1,683	-	212	(1,973)	-	256,482
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(1,683)	-	61	1,973	-	(404,302)
FUND BALANCE (DEFICIT), END OF YEAR	$ -	$ -	$ 273	$ -	$ -	$ (147,820)

SCHEDULE 5

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	Truants' Alternative/Optional Education				Early Childhood Block Grants			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State sources	127,840	127,840	176,041	48,201	2,253,759	2,305,759	2,300,346	(5,413)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	127,840	127,840	176,041	48,201	2,253,759	2,305,759	2,300,346	(5,413)
EXPENDITURES:								
Instructional Services:								
Salaries	82,815	80,140	80,710	(570)	332,639	330,499	309,043	21,456
Benefits	28,047	27,287	15,314	11,973	101,017	103,206	69,601	33,605
Pension expense	-	-	7,392	(7,392)	-	-	22,298	(22,298)
OPEB expense	-	-	-	-	-	-	903	(903)
Purchased services	15,753	15,927	12,302	3,625	512,340	453,167	412,308	40,859
Supplies and materials	1,225	1,225	681	544	54,215	49,426	35,764	13,662
Other objects	-	3,261	3,261	-	-	50,530	40,544	9,986
Intergovernmental:								
Payments to other governments	-	-	-	-	1,252,048	1,256,231	1,235,476	20,755
Capital outlay	-	-	-	-	1,500	62,700	1,548	61,152
Total expenditures	127,840	127,840	119,660	8,180	2,253,759	2,305,759	2,127,485	178,274
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	56,381	$ 56,381	$ -	$ -	172,861	$ 172,861
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			56,381				172,861	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(56,381)				(327,010)	
FUND BALANCE (DEFICIT), END OF YEAR			$ -				$ (154,149)	

SCHEDULE 5
(CONTINUED)

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	Early Intervention Infants/Toddlers				Regional Safe Schools			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State sources	629,660	644,200	600,440	(43,760)	60,484	60,484	85,533	25,049
Federal sources	-	-	-	-	-	-	-	-
Total revenues	629,660	644,200	600,440	(43,760)	60,484	60,484	85,533	25,049
EXPENDITURES:								
Instructional Services:								
Salaries	401,479	385,582	378,354	7,228	37,440	35,998	37,480	(1,482)
Benefits	104,345	108,918	67,738	41,180	9,637	7,660	6,425	1,235
Pension expense	-	-	34,940	(34,940)	-	-	2,178	(2,178)
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	87,325	99,468	82,101	17,367	8,257	10,398	9,392	1,006
Supplies and materials	15,691	28,927	13,851	15,076	5,150	4,785	3,406	1,379
Other objects	20,820	21,305	18,212	3,093	-	1,643	1,603	40
Intergovernmental:								
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	6,417	(6,417)	-	-	-	-
Total expenditures	629,660	644,200	601,613	42,587	60,484	60,484	60,484	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	(1,173)	$ (1,173)	$ -	$ -	25,049	$ 25,049
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			(1,173)				25,049	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			6,559				(29,842)	
FUND BALANCE (DEFICIT), END OF YEAR			$ 5,386				$ (4,793)	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	ROE/ISC Operations				Workforce Investment Act			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	$ -	$ -	$ -	$ -	$ 96,799	$ 91,753	$ 76,681	$ (15,072)
State sources	99,848	110,000	110,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	99,848	110,000	110,000	-	96,799	91,753	76,681	(15,072)
EXPENDITURES:								
Instructional Services:								
Salaries	72,000	71,623	70,860	763	47,009	45,459	43,647	1,812
Benefits	9,800	10,092	6,831	3,261	8,085	8,417	6,411	2,006
Pension expense	-	-	3,304	(3,304)	-	-	3,982	(3,982)
OPEB expense	-	-	377	(377)	-	-	-	-
Purchased services	11,048	14,631	15,567	(936)	37,638	32,910	19,037	13,873
Supplies and materials	3,000	4,379	4,617	(238)	1,254	1,254	1,309	(55)
Other objects	-	2,775	2,045	730	2,813	2,813	2,370	443
Intergovernmental:								
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	4,000	6,500	6,399	101	-	900	858	42
Total expenditures	99,848	110,000	110,000	-	96,799	91,753	77,614	14,139
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	-	$ -	$ -	$ -	(933)	$ (933)
OTHER FINANCING SOURCES (USES):								
Transfers in			-				1,015	
Transfers out			-				-	
Total other financing sources (uses)			-				1,015	
NET CHANGE IN FUND BALANCE (DEFICIT)			-				82	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				(82)	
FUND BALANCE (DEFICIT), END OF YEAR			$ -				$ -	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	McKinney Homeless Grant				Title II - Teacher Quality - Leadership Program			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	19,952	19,952	9,037	(10,915)	1,363	1,363	1,763	400
Total revenues	19,952	19,952	9,037	(10,915)	1,363	1,363	1,763	400
EXPENDITURES:								
Instructional Services:								
Salaries	3,550	3,550	3,000	550	43	43	-	43
Benefits	1,020	1,020	580	440	-	-	-	-
Pension expense	-	-	270	(270)	-	-	-	-
OPEB expense	-	-	-	-	-	-	-	-
Purchased services	1,990	1,990	933	1,057	1,320	1,320	1,763	(443)
Supplies and materials	6,052	6,052	2,571	3,481	-	-	-	-
Other objects	-	-	-	-	-	-	1,000	(1,000)
Intergovernmental:								
Payments to other governments	7,340	7,340	-	7,340	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	19,952	19,952	7,354	12,598	1,363	1,363	2,763	(1,400)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	1,683	$ 1,683	$ -	$ -	(1,000)	$ (1,000)
OTHER FINANCING SOURCES (USES):								
Transfers in			-				1,000	
Transfers out			-				-	
Total other financing sources (uses)			-				1,000	
NET CHANGE IN FUND BALANCE (DEFICIT)			1,683				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,683)				-	
FUND BALANCE (DEFICIT), END OF YEAR			$ -				$ -	

SCHEDULE 5
(CONTINUED)

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Fiscal Year Ended June 30, 2018

	System of Statewide Support Foundational Service			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Local sources	$ -	$ -	$ -	$ -
State sources	-	-	-	-
Federal sources	80,000	80,000	52,948	(27,052)
Total revenues	80,000	80,000	52,948	(27,052)
EXPENDITURES:				
Instructional Services:				
Salaries	64,400	64,000	44,374	19,626
Benefits	3,970	3,700	2,599	1,101
Pension expense	-	-	330	(330)
OPEB expense	-	-	65	(65)
Purchased services	9,730	8,043	3,221	4,822
Supplies and materials	1,900	1,900	934	966
Other objects	-	2,357	1,326	1,031
Intergovernmental:				
Payments to other governments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	80,000	80,000	52,849	27,151
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	99	$ 99
OTHER FINANCING SOURCES (USES):				
Transfers in			-	
Transfers out			(2,072)	
Total other financing sources (uses)			(2,072)	
NET CHANGE IN FUND BALANCE (DEFICIT)			(1,973)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			1,973	
FUND BALANCE (DEFICIT), END OF YEAR			$ -	

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	General Educational Development	Bus Driver	Institute	Totals
ASSETS				
Cash and cash equivalents	$ -	$ 15,920	$ 49,455	$ 65,375
Due from other governments	-	1,170	-	1,170
Total assets	-	17,090	49,455	66,545
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ -	$ 17,090	$ 49,455	$ 66,545
LIABILITIES				
Accrued expenses	$ -	$ 926	$ -	$ 926
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
FUND BALANCE				
Restricted	-	16,164	49,455	65,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ -	$ 17,090	$ 49,455	$ 66,545

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2018

	General Educational Development	Bus Driver	Institute	Totals
REVENUES:				
Local sources	$ 1,242	$ 2,660	$ 37,797	$ 41,699
State sources	-	1,282	-	1,282
Total revenues	1,242	3,942	37,797	42,981
EXPENDITURES:				
Instructional Services:				
Salaries	446	1,568	9,492	11,506
Benefits	34	128	508	670
Pension expense	39	4	488	531
Purchased services	1,068	870	4,107	6,045
Supplies and materials	57	-	275	332
Total expenditures	1,644	2,570	14,870	19,084
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(402)	1,372	22,927	23,897
OTHER FINANCING USES:				
Transfers out	(435)	-	-	(435)
NET CHANGE IN FUND BALANCE	(837)	1,372	22,927	23,462
FUND BALANCE, BEGINNING OF YEAR	837	14,792	26,528	42,157
FUND BALANCE, END OF YEAR	$ -	$ 16,164	$ 49,455	$ 65,619

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

	E.H. Parriott Scholarship Trust Principal Fund	E.H. Parriott Scholarship Trust Income Fund	Totals
ASSETS			
Cash and cash equivalents	$ 137	$ 50,142	$ 50,279
Investments	793,996	383,737	1,177,733
Rent receivable	19,356	-	19,356
Property and equipment, net	707,368	-	707,368
Total assets	1,520,857	433,879	1,954,736
LIABILITIES			
Deposits	2,000	-	2,000
Unearned revenue	9,856	-	9,856
Total liabilities	11,856	-	11,856
NET POSITION			
Held in trust for other purposes	$ 1,509,001	$ 433,879	$ 1,942,880

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2018

	E.H. Parriott Scholarship Trust Principal Fund	E.H. Parriott Scholarship Trust Income Fund	Totals
ADDITIONS:			
Rent	$ 153,618	$ -	$ 153,618
Interest and dividends	18,173	9,932	28,105
Realized gain (loss) on investments	11,747	(5,746)	6,001
Unrealized gain (loss) on investments	(8,719)	(6,394)	(15,113)
Total additions	174,819	(2,208)	172,611
DEDUCTIONS:			
Purchased services	-	58,882	58,882
Scholarships	-	157,250	157,250
Depreciation	1,421	-	1,421
Total deductions	1,421	216,132	217,553
EXCESS (DEFICIENCY) OF ADDITIONS OVER (UNDER) DEDUCTIONS	173,398	(218,340)	(44,942)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	137,452	137,452
Transfers out	(137,452)	-	(137,452)
Total other financing sources (uses)	(137,452)	137,452	-
CHANGE IN NET POSITION	35,946	(80,888)	(44,942)
NET POSITION, BEGINNING OF YEAR	1,473,055	514,767	1,987,822
NET POSITION, END OF YEAR	$ 1,509,001	$ 433,879	$ 1,942,880

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018

	Distributive Fund	Distributive Interest Fund	Total
ASSETS			
Cash and cash equivalents	$ 19,335	$ 5,433	$ 24,768
Due from other governments	495,608	-	495,608
TOTAL ASSETS	$ 514,943	$ 5,433	$ 520,376
LIABILITIES			
Due to other governments	$ 514,943	$ 5,433	$ 520,376

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2018

	Balance, June 30, 2017	Additions	Deductions	Balance, June 30, 2018
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	$ 841	$ 2,523,984	$ 2,505,490	$ 19,335
Due from other governments	299,582	495,608	299,582	495,608
TOTAL ASSETS	$ 300,423	$ 3,019,592	$ 2,805,072	$ 514,943
LIABILITIES				
Due to other governments	$ 300,423	$ 3,019,592	$ 2,805,072	$ 514,943
DISTRIBUTIVE INTEREST FUND				
ASSETS				
Cash and cash equivalents	$ 3,884	$ 1,549	$ -	$ 5,433
LIABILITIES				
Due to other governments	$ 3,884	$ 1,549	$ -	$ 5,433
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 4,725	$ 2,525,533	$ 2,505,490	$ 24,768
Due from other governments	299,582	495,608	299,582	495,608
TOTAL ASSETS	$ 304,307	$ 3,021,141	$ 2,805,072	$ 520,376
LIABILITIES				
Due to other governments	$ 304,307	$ 3,021,141	$ 2,805,072	$ 520,376

CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES
REGIONAL OFFICE OF EDUCATION #8
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
For the Fiscal Year Ended June 30, 2018

Program	Eagle Ridge Vocational Delivery System	East Dubuque School District #119	Galena Unit School District #120	Lena-Winslow Community Unit School District #202	West Carroll Community Unit School District #314	River Ridge Community Unit School District #210	Scales Mound Community Unit School District #211	Stockton Community Unit School District #206	Warren Community Unit School District #205	Total
Voc. Ed - Secondary Program Improvement	$ 557,712	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 557,712
Voc. Ed - Perkins Title IIC Secondary	45,740	-	-	-	-	-	-	-	-	45,740
Jo Daviess County School Facilities Sales Tax	-	395,742	480,766	572	572	295,622	142,646	350,541	235,577	1,902,038
	$ 603,452	$ 395,742	$ 480,766	$ 572	$ 572	$ 295,622	$ 142,646	$ 350,541	$ 235,577	$ 2,505,490