

State of Illinois
REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2018

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

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PEORIA COUNTY

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REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

AGENCY OFFICIALS

For the Year Ended June 30, 2018

Regional Superintendent
(Current and during the audit period)

Ms. Elizabeth Crider

Assistant Regional Superintendent
(Current and during the audit period)

Dr. George McKenna

Offices are located at:

Peoria County Regional Office of Education
324 Main Street
Peoria, IL 61602

The PROE Center
10112 West Dubois Road
Edwards, IL 61528

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2018

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

AUDITOR'S REPORT

The auditor's 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	0	1
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	1	1

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

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
None			
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2017-001	12	Salaries and Benefits Not Supported by Proper Documentation	

EXIT CONFERENCE

The Regional Office of Education #48 did not request an exit conference to discuss the audit for the year ended June 30, 2018.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2018

The audit of the accompanying basic financial statements of the Peoria County Regional Office of Education #48 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Peoria County Regional Office of Education #48's basic financial statements.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Peoria County Regional Office of Education #48'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 16 to the financial statements, in the year ended June 30, 2018, the Peoria County Regional Office of Education #48 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which caused a material change in comparability to prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peoria County Regional Office of Education #48's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2019, on our consideration of the Peoria County Regional Office of Education #48'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 the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
June 3, 2019

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61988

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 Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Peoria County Regional Office of Education #48's basic financial statements, and have issued our report thereon dated June 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's internal control. Accordingly, we do not express an opinion on the effectiveness of Peoria County Regional Office of Education #48's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peoria County Regional Office of Education #48's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Peoria County Regional Office of Education #48's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
June 3, 2019

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements in Accordance with GAAP

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
• Noncompliance material to financial statements noted?	No

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2018

Section II - Financial Statement Findings

No findings were noted for the year ended June 30, 2018.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2018

Corrective Action Plan

No findings were noted for the year ended June 30, 2018.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2018

2017-001	Salaries and Benefits Not Supported by Proper Documentation	Not Repeated
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During the current audit, audit testing indicated the Peoria County Regional Office of Education #48 implemented corrective action by implementing a system of employee time and effort reporting.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

The Peoria County Regional Office of Education #48 (Regional Office of Education #48) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for fiscal year 2018 that ended on June 30, 2018. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #48's financial statements that follow.

2018 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$73,603 from \$1,381,731 in fiscal year 2017 to \$1,455,334 in fiscal year 2018. General Fund expenditures increased by \$6,349 from \$1,378,197 in fiscal year 2017 to \$1,384,546 in fiscal year 2018. The increase in revenue is the result of an increase in Hospital Tutoring funding.
- Within the Governmental Funds, the revenues reported by the Special Revenue Funds decreased by \$57,312 from \$1,480,108 in fiscal year 2017 to \$1,422,796 in fiscal year 2018. The expenditures reported by the Special Revenue Funds decreased by \$182,212 from \$1,459,209 in fiscal year 2017 to \$1,276,997 in fiscal year 2018. The Regional Office of Education #48 had an overall decrease due to changes in the numbers and scopes of several ROE grants, including Foundational Services, Mathematics and Science Partnerships and Special Education - IDEA Part D.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #48's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #48 as a whole and present an overall view of the Regional Office of Education #48's finances.
- Fund financial statements report the Regional Office of Education #48's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the nonmajor funds.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

Reporting the Regional Office as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #48 as a whole. The Statement of Net Position includes all of the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Regional Office of Education #48's net position and how it has changed. Net position (the difference between the assets plus deferred outflows and liabilities plus deferred inflows) are one way to measure the Regional Office of Education #48's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #48's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the Regional Office of Education #48's activities as both governmental and business-type activities. Local, state and federal aid finance most of the governmental activities, while user fees finance most of the business-type activities.

The fund financial statements provide detailed information about the Regional Office of Education #48's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #48 established other funds to control and manage money for particular purposes.

The Regional Office of Education #48 has three kinds of funds:

- Governmental funds account for all of the Regional Office of Education #48's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Regional Office of Education #48's Governmental Funds include: the General Fund, Education Fund and other non-major special revenue funds.

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

- Fiduciary funds are used to account for assets held by the Regional Office of Education #48 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

Reporting the Regional Office as a Whole (continued)

The Statement of Net Position and the Statement of Activities (continued)

- Proprietary funds account for activities where the Regional Office of Education #48 charges customers for services. These funds are most similar to a business that operates for a profit. The Regional Office of Education #48's enterprise funds include the following: Learning Technology Center Technical Training and Support, Illinois Virtual School Fund and Local Workshops Fund.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Office-wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office of Education #48. The net position at the end of fiscal year 2018 totaled \$277,571. At the end of fiscal year 2017, the net position was \$2,467,301. The analysis that follows provides a summary of the Regional Office of Education #48's net position as of June 30, 2018 and June 30, 2017, for the governmental and business-type activities.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 3,145,510	\$ 453,173	\$ 1,680,190	\$ 4,100,311	\$ 4,825,700	\$ 4,553,484
Capital assets	19,703	26,326	11,925	20,057	31,628	46,383
Total assets	3,165,213	479,499	1,692,115	4,120,368	4,857,328	4,599,867
Deferred outflows	1,088,308	421,491	-	-	1,088,308	421,491
Current liabilities	250,903	101,567	659,373	533,930	910,276	635,497
Noncurrent liabilities	3,827,127	1,017,713	-	2,844	3,827,127	1,020,557
Total liabilities	4,078,030	1,119,280	659,373	536,774	4,737,403	1,656,054
Deferred inflows	930,662	898,003	-	-	930,662	898,003
Net position:						
Invested in capital assets, net of related debt	19,703	26,326	9,081	13,511	28,784	39,837
Unrestricted	(1,002,515)	(1,353,887)	1,023,661	3,570,083	21,146	2,216,196
Restricted for educational purposes	227,641	211,268	-	-	227,641	211,268
Total net position	\$ (755,171)	\$ (1,116,293)	\$ 1,032,742	\$ 3,583,594	\$ 277,571	\$ 2,467,301

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

Office-wide Financial Analysis (continued)

The Regional Office of Education #48's net position decreased by \$2,189,730 from \$2,467,301 in fiscal year 2017 to \$277,571 in fiscal year 2018. In the governmental activities, net position decreased due to an increase in deferred outflows and noncurrent liabilities related to the implementation of GASB 75. In the business-type activities, net position decreased due to the interfund transfer to the general fund as stated in Note 6.

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,332,845	\$ 2,466,540	\$ 2,332,845	\$ 2,466,540
Operating grants and contributions	1,172,553	1,403,653	-	-	1,172,553	1,403,653
General revenues:						
Local sources	344,003	243,568	-	-	344,003	243,568
State sources	712,136	700,203	-	-	712,136	700,203
Investment earnings	23,976	1,099	13,278	8,792	37,254	9,891
On-behalf payments	2,080,430	1,951,874	-	-	2,080,430	1,951,874
Loss on disposal of capital assets	-	(110)	(1,128)	-	(1,128)	(110)
Total revenues	<u>4,333,098</u>	<u>4,300,287</u>	<u>2,344,995</u>	<u>2,475,332</u>	<u>6,678,093</u>	<u>6,775,619</u>
Expenses:						
Program expenses:						
Salaries and benefits	1,085,702	1,034,276	1,779,823	1,622,414	2,865,525	2,656,690
Purchased services	404,760	389,407	485,137	466,880	889,897	856,287
Supplies and materials	157,393	202,741	4,234	26,042	161,627	228,783
Depreciation expense	6,623	7,033	9,400	9,517	16,023	16,550
Other objects	16,468	22,785	854	408	17,322	23,193
Bad debt expense	-	-	11,448	3,230	11,448	3,230
Interest expense	-	-	246	426	246	426
Pension expense (income)	(13,690)	(197,700)	28,204	25,262	14,514	(172,438)
OPEB expense	172,913	-	12,124	-	185,037	-
Intergovernmental:						
Payments to other governments	477,968	530,833	82,948	-	560,916	530,833
Administrative expenses:						
On-behalf payments - local	195,826	264,396	-	-	195,826	264,396
On-behalf payments - state	1,884,604	1,687,478	-	-	1,884,604	1,687,478
Total expenses	<u>4,388,567</u>	<u>3,941,249</u>	<u>2,414,418</u>	<u>2,154,179</u>	<u>6,802,985</u>	<u>6,095,428</u>
Excess (deficiency) before transfers	(55,469)	359,038	(69,423)	321,153	(124,892)	680,191
Transfers	<u>2,481,429</u>	<u>3,923</u>	<u>(2,481,429)</u>	<u>(3,923)</u>	<u>-</u>	<u>-</u>
Change in net position	2,425,960	362,961	(2,550,852)	317,230	(124,892)	680,191
Net position - beginning (Restated, see Note 16)	<u>(3,181,131)</u>	<u>(1,479,254)</u>	<u>3,583,594</u>	<u>3,266,364</u>	<u>402,463</u>	<u>1,787,110</u>
Net position - ending	<u>\$ (755,171)</u>	<u>\$ (1,116,293)</u>	<u>\$ 1,032,742</u>	<u>\$ 3,583,594</u>	<u>\$ 277,571</u>	<u>\$ 2,467,301</u>

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

Governmental Activities

Revenues for governmental activities were \$4,333,098 and expenses were \$4,388,567 for the year ended June 30, 2018. Revenues for governmental activities were \$4,300,287 and expenses were \$3,941,249 for the year ended June 30, 2017. The increase in revenues is due to large increase in investment earnings for this fiscal year. The increase in expenditures is due to an increase in pension expense and on-behalf payments for the State.

Business-type Activities

Revenues, net of transfers out, for business-type activities were \$2,344,995 and expenses were \$2,414,418 for the year ended June 30, 2018. Revenues for business-type activities were \$2,475,332 and expenses were \$2,154,179 for the year ended June 30, 2017. The decrease in revenue is a result of a decline in Illinois Virtual School tuition and subscription payments. There was an increase in expenses due to a salary and benefits increase paid from Local Workshops.

Financial Analysis of the Peoria County Regional Office of Education #48 Funds

As previously noted, the Regional Office of Education #48 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #48's Governmental Funds reported combined fund balances of \$2,863,754 at June 30, 2018 compared to fiscal year 2017 ending fund balance of \$165,738.

Budgetary Highlights

The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Peoria County Board for their approval. The Office Operations Budget covers a fiscal year that runs from January 1 to December 31. Additionally, the Regional Office of Education #48 prepares budgets for each grant administered. These budgets are submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office of Education #48's actual financial activity are included in the supplemental information section of this report.

Capital Assets

Capital assets of the Regional Office of Education #48 include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education #48 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2018, Regional Office of Education #48 purchased assets totaling \$2,396 and disposed of assets totaling \$11,682, resulting in ending capital assets of \$135,836. In addition, the Regional Office of Education #48 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #48 was aware of the following circumstances that could affect its financial health in the future:

- The Illinois State Board of Education has stated that they are opening up the FY20 Illinois Virtual School grant to Requests for Proposal for the entire state but they have not yet done so. The Regional Office of Education #48 plans to submit a RFP as soon as we are notified.
- The Regional Office of Education #48 will not continue as a subcontractor for the Foundational Services grant for fiscal year 2019.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office of Education #48's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Peoria County Regional Office of Education #48 at 324 Main St., Room 401, Peoria, IL 61602.

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,077,588	\$ 1,108,371	\$ 4,185,959
Due (to) from other funds	(128,153)	128,153	-
Due from other governments	186,788	337,498	524,286
Prepaid expenses	9,287	106,168	115,455
Total current assets	3,145,510	1,680,190	4,825,700
Noncurrent assets:			
Capital assets, net of depreciation	19,703	11,925	31,628
Total noncurrent assets	19,703	11,925	31,628
Total assets	3,165,213	1,692,115	4,857,328
Deferred outflows of resources			
Deferred outflows related to OPEB plans	196,468	-	196,468
Deferred outflows related to pensions	891,840	-	891,840
Total deferred outflows of resources	1,088,308	-	1,088,308
Liabilities			
Current liabilities:			
Accounts payable	19,251	91,380	110,631
Lease payable	-	2,844	2,844
Accrued payroll liabilities	10,226	159,051	169,277
Due to other governments	26,611	16,338	42,949
Unearned revenue	194,815	389,760	584,575
Total current liabilities	250,903	659,373	910,276
Noncurrent liabilities:			
Net OPEB liability	2,185,865	-	2,185,865
Net pension liability	1,641,262	-	1,641,262
Total noncurrent liabilities	3,827,127	-	3,827,127
Total liabilities	4,078,030	659,373	4,737,403
Deferred inflows of resources			
Deferred inflows related to OPEB plans	260,598	-	260,598
Deferred inflows related to pensions	670,064	-	670,064
Total deferred inflows of resources	930,662	-	930,662
Net position			
Invested in capital assets, net of related debt	19,703	9,081	28,784
Restricted for educational purposes	227,641	-	227,641
Unrestricted	(1,002,515)	1,023,661	21,146
Total net position	\$ (755,171)	\$ 1,032,742	\$ 277,571

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Instructional Services:							
Salaries and benefits	\$ 1,085,702	\$ -	\$ 581,007	\$ -	\$ (504,695)	\$ -	\$ (504,695)
Purchased services	404,760	-	216,605	-	(188,155)	-	(188,155)
Supplies and materials	157,393	-	84,228	-	(73,165)	-	(73,165)
Other objects	16,468	-	8,813	-	(7,655)	-	(7,655)
Depreciation	6,623	-	-	-	(6,623)	-	(6,623)
Pension (income)	(13,690)	-	22,626	-	36,316	-	36,316
OPEB expense	172,913	-	3,491	-	(169,422)	-	(169,422)
Intergovernmental:							
Payments to other governments	477,968	-	255,783	-	(222,185)	-	(222,185)
Administrative:							
On-behalf payments - local	195,826	-	-	-	(195,826)	-	(195,826)
On-behalf payments - state	1,884,604	-	-	-	(1,884,604)	-	(1,884,604)
Total governmental activities	4,388,567	-	1,172,553	-	(3,216,014)	-	(3,216,014)
Business-Type Activities:							
Registration fees	117,284	126,142	-	-	-	8,858	8,858
Local revenues	81,962	-	-	-	-	(81,962)	(81,962)
Tuition and subscriptions	2,215,172	2,206,703	-	-	-	(8,469)	(8,469)
Total business-type activities	2,414,418	2,332,845	-	-	-	(81,573)	(81,573)
Total primary government	\$ 6,802,985	\$ 2,332,845	\$ 1,172,553	\$ -	(3,216,014)	(81,573)	(3,297,587)
General Revenues:							
Local sources					344,003	-	344,003
State sources					712,136	-	712,136
On-behalf payments - local					195,826	-	195,826
On-behalf payments - state					1,884,604	-	1,884,604
Loss on disposal of capital assets					-	(1,128)	(1,128)
Investment earnings					23,976	13,278	37,254
Transfers:					2,481,429	(2,481,429)	-
Total general revenues and transfers					5,641,974	(2,469,279)	3,172,695
Change in net position					2,425,960	(2,550,852)	(124,892)
Net position - beginning (restated - See note 16)					(3,181,131)	3,583,594	402,463
Net position - ending					\$ (755,171)	\$ 1,032,742	\$ 277,571

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,641,536	\$ 212,664	\$ 223,388	\$ -	\$ 3,077,588
Due from other funds	8,866	-	-	(8,866)	-
Due from other governments	31,948	150,587	4,253	-	186,788
Prepaid expenses	9,287	-	-	-	9,287
Total assets	\$ 2,691,637	\$ 363,251	\$ 227,641	\$ (8,866)	\$ 3,273,663
Liabilities:					
Accounts payable	\$ 19,071	\$ 180	\$ -	\$ -	\$ 19,251
Accrued payroll and employee benefits	-	10,226	-	-	10,226
Due to other funds	-	137,019	-	(8,866)	128,153
Due to other governments	-	26,611	-	-	26,611
Unearned revenue	5,600	189,215	-	-	194,815
Total liabilities	24,671	363,251	-	(8,866)	379,056
Deferred inflows of resources:					
Unavailable revenue	10,419	17,290	3,144	-	30,853
Fund balance (deficit):					
Nonspendable	9,287	-	-	-	9,287
Restricted	-	-	224,497	-	224,497
Assigned	2,599,293	-	-	-	2,599,293
Unassigned	47,967	(17,290)	-	-	30,677
Total fund balance (deficit)	2,656,547	(17,290)	224,497	-	2,863,754
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 2,691,637	\$ 363,251	\$ 227,641	\$ (8,866)	\$ 3,273,663

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2018

Total fund balances - governmental funds		\$ 2,863,754
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred inflows in the governmental funds.		30,853
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,703
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:		
OPEB deferred outflows of resources	\$ 196,468	
OPEB deferred inflows of resources	(260,598)	
IMRF deferred outflows of resources	60,329	
IMRF deferred inflows of resources	(72,566)	
TRS deferred outflows of resources	831,511	
TRS deferred inflows of resources	<u>(597,498)</u>	157,646
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net OPEB liability	(2,185,865)	
IMRF net pension liability	(91,610)	
TRS net pension liability	<u>(1,549,652)</u>	<u>(3,827,127)</u>
Net position of governmental activities		<u>\$ (755,171)</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 228,768	\$ -	\$ 113,591	\$ 342,359
State sources	734,649	890,463	1,576	1,626,688
Federal sources	-	414,660	-	414,660
On-behalf payments - local	195,826	-	-	195,826
On-behalf payments - state	274,621	-	-	274,621
Interest income	21,470	620	1,886	23,976
Total revenues	<u>1,455,334</u>	<u>1,305,743</u>	<u>117,053</u>	<u>2,878,130</u>
Expenditures:				
Instructional services				
Salaries and benefits	404,229	667,292	14,181	1,085,702
Purchased services	187,668	133,635	83,457	404,760
Supplies and materials	19,918	134,869	2,606	157,393
Other objects	13,371	-	3,097	16,468
On-behalf payments - local	195,826	-	-	195,826
On-behalf payments - state	274,621	-	-	274,621
Pension expense	6,792	35,095	394	42,281
OPEB expense	3,523	2,912	89	6,524
Intergovernmental				
Payments to other governments	278,598	199,370	-	477,968
Total expenditures	<u>1,384,546</u>	<u>1,173,173</u>	<u>103,824</u>	<u>2,661,543</u>
Excess (deficiency) of revenues over expenditures	<u>70,788</u>	<u>132,570</u>	<u>13,229</u>	<u>216,587</u>
Other financing sources:				
Transfers in	2,481,429	-	-	2,481,429
Total other financing sources	<u>2,481,429</u>	<u>-</u>	<u>-</u>	<u>2,481,429</u>
Net change in fund balances	2,552,217	132,570	13,229	2,698,016
Fund balances (deficit) - beginning	104,330	(149,860)	211,268	165,738
Fund balances (deficit) - ending	<u>\$ 2,656,547</u>	<u>\$ (17,290)</u>	<u>\$ 224,497</u>	<u>\$ 2,863,754</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

Net change in fund balances		\$ 2,698,016
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred inflows in the governmental funds.</p>		
Current year unavailable revenue	\$ 30,853	
Prior year unavailable revenue	<u>(185,868)</u>	(155,015)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation		(6,623)
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net OPEB expense	(166,389)	
Net pension expense	<u>55,971</u>	<u>(110,418)</u>
Change in net position of governmental activities		<u>\$ 2,425,960</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

Business-type Activities
Proprietary Funds

	Illinois Virtual School	Local Workshops	Nonmajor Learning Technology Center Technical Training and Support	Total
Assets				
Currents assets				
Cash and cash equivalents	\$ 823,834	\$ 284,537	\$ -	\$ 1,108,371
Due from other funds	19,347	108,806	-	128,153
Due from other governments, net of allowance	307,015	30,483	-	337,498
Prepaid expenses	98,685	7,483	-	106,168
Total current assets	1,248,881	431,309	-	1,680,190
Noncurrent assets				
Capital assets, net of depreciation	5,877	6,048	-	11,925
Total assets	1,254,758	437,357	-	1,692,115
Liabilities				
Current liabilities				
Accounts payable	89,832	1,548	-	91,380
Lease payable	-	2,844	-	2,844
Accrued payroll liabilities	158,997	54	-	159,051
Due to other governments	16,338	-	-	16,338
Unearned revenue	387,042	2,718	-	389,760
Total liabilities	652,209	7,164	-	659,373
Net position				
Invested in capital assets, net of related debt	5,877	3,204	-	9,081
Unrestricted	596,672	426,989	-	1,023,661
Total net position	\$ 602,549	\$ 430,193	\$ -	\$ 1,032,742

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities Proprietary Funds			Total
	Illinois Virtual School	Local Workshops	Nonmajor Learning Technology Center Technical Training and Support	
Operating revenues				
Registration fees	\$ -	\$ 126,142	\$ -	\$ 126,142
Tuition and subscriptions	2,206,703	-	-	2,206,703
Total operating revenues	<u>2,206,703</u>	<u>126,142</u>	<u>-</u>	<u>2,332,845</u>
Operating expenses				
Salaries and benefits	1,679,229	100,594	-	1,779,823
Purchased services	481,401	3,222	514	485,137
Supplies and materials	4,199	35	-	4,234
Payments to other governments	-	1,500	81,448	82,948
Other objects	3	851	-	854
Pension expense	24,162	4,042	-	28,204
OPEB expense	11,544	580	-	12,124
Bad debt expense	11,085	363	-	11,448
Depreciation	3,549	5,851	-	9,400
Total operating expenses	<u>2,215,172</u>	<u>117,038</u>	<u>81,962</u>	<u>2,414,172</u>
Operating income (loss)	<u>(8,469)</u>	<u>9,104</u>	<u>(81,962)</u>	<u>(81,327)</u>
Nonoperating revenue (expense)				
Interest income	8,076	2,976	2,226	13,278
Interest expense	-	(246)	-	(246)
Loss on disposal of equipment	(627)	(501)	-	(1,128)
Total nonoperating revenue (expense)	<u>7,449</u>	<u>2,229</u>	<u>2,226</u>	<u>11,904</u>
Income before transfers	<u>(1,020)</u>	<u>11,333</u>	<u>(79,736)</u>	<u>(69,423)</u>
Transfers out	<u>(2,288,208)</u>	<u>-</u>	<u>(193,221)</u>	<u>(2,481,429)</u>
Total transfers	<u>(2,288,208)</u>	<u>-</u>	<u>(193,221)</u>	<u>(2,481,429)</u>
Change in net position	<u>(2,289,228)</u>	<u>11,333</u>	<u>(272,957)</u>	<u>(2,550,852)</u>
Net position - beginning	<u>2,891,777</u>	<u>418,860</u>	<u>272,957</u>	<u>3,583,594</u>
Net position - ending	<u>\$ 602,549</u>	<u>\$ 430,193</u>	<u>\$ -</u>	<u>\$ 1,032,742</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-type Activities Proprietary Funds			Total
	Illinois Virtual School	Local Workshops	Nonmajor Learning Technology Center Technical Training and Support	
Cash flows from operating activities				
Receipts from customers	\$ 3,216,810	\$ 95,534	\$ -	\$ 3,312,344
Payments to suppliers and providers of goods and services	(530,694)	(11,355)	(81,847)	(623,896)
Payments to employees	(1,685,609)	(105,162)	-	(1,790,771)
Net cash provided by (used for) operating activities	<u>1,000,507</u>	<u>(20,983)</u>	<u>(81,847)</u>	<u>897,677</u>
Cash flows from noncapital financing activities				
Cash payments to other funds	(2,288,208)	-	(193,221)	(2,481,429)
Cash payments from other funds	72,332	86,522	70,084	228,938
Net cash provided by (used for) noncapital financing activities	<u>(2,215,876)</u>	<u>86,522</u>	<u>(123,137)</u>	<u>(2,252,491)</u>
Cash flows from capital and related financing activities				
Principal paid on lease obligations	-	(3,702)	-	(3,702)
Interest paid on lease obligations	-	(246)	-	(246)
Purchase of equipment	(2,396)	-	-	(2,396)
Net cash (used for) capital and related financing activities	<u>(2,396)</u>	<u>(3,948)</u>	<u>-</u>	<u>(6,344)</u>
Cash flows from investing activities				
Interest earned from investments	8,076	2,976	2,226	13,278
Net cash provided by investing activities	<u>8,076</u>	<u>2,976</u>	<u>2,226</u>	<u>13,278</u>
Net increase (decrease) in cash and cash equivalents	(1,209,689)	64,567	(202,758)	(1,347,880)
Cash and cash equivalents - beginning	<u>2,033,523</u>	<u>219,970</u>	<u>202,758</u>	<u>2,456,251</u>
Cash and cash equivalents - ending	<u>\$ 823,834</u>	<u>\$ 284,537</u>	<u>\$ -</u>	<u>\$ 1,108,371</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (8,469)	\$ 9,104	\$ (81,962)	\$ (81,327)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	3,549	5,851	-	9,400
Bad debt expense	11,085	363	-	11,448
(Increase)/decrease in assets:				
Prepaid expenses	(60,841)	853	115	(59,873)
Due from other governments	918,525	(26,797)	-	891,728
Increase/(decrease) in liabilities				
Accrued payroll	29,326	54	-	29,380
Accounts payable	(588)	(6,600)	-	(7,188)
Due to other governments	16,338	-	-	16,338
Unearned revenue	91,582	(3,811)	-	87,771
Net cash provided by (used for) operating activities	<u>\$ 1,000,507</u>	<u>\$ (20,983)</u>	<u>\$ (81,847)</u>	<u>\$ 897,677</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 5,607
Due from other governments	<u>2,831,498</u>
Total Assets	<u>\$ 2,837,105</u>
Liabilities	
Due to other governments	<u>\$ 2,837,105</u>
Total Liabilities	<u>\$ 2,837,105</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Peoria County Regional Office of Education #48 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #48 is presented to assist in understanding the Regional Office of Education #48's financial statements. The financial statements and notes are representations of the Regional Office of Education #48's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office of Education #48 operates under the School Code (Articles 5/3 and 5/3A of Illinois Compiled Statutes, Chapter 105). The Regional Office of Education #48 encompasses Peoria County. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #48 and is elected pursuant to Article 3, Illinois Compiled Statutes, Chapter 105.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teacher institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #48's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and carrying out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education #48, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the period ended June 30, 2018, the Regional Office of Education #48 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #48. Such activities are reported as a single special revenue fund (Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #48 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #48 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #48, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #48 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #48 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #48 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #48 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2018, the Regional Office of Education #48 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 Regional Office of Education #48 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 Regional Office of Education #48's financial statements.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #48's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #48 has three business-type activities; Local Workshops, Learning Technology Center Technical Training and Support, and the Illinois Virtual School. The Local Workshop Fund accounts for fees charged for various workshops and conferences that provide staff development for educators in central and west central Illinois. The Learning Technology Center Technical Training and Support fund accounts for monies received to provide training and professional development to area educators. The Illinois Virtual School Fund accounts for tuition and subscription costs charged to schools and the Illinois State Board of Education for use of the Illinois Virtual School (IVS).

The Regional Office of Education #48's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #48 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #48's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and as transfers in and out on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position.

All interfund transactions between governmental funds and between business-type funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenues received after the Regional Office of Education #48's availability period are reported as unavailable revenue in the fund statements and are reported as current revenue in the Statement of Activities.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #48; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #48 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #48's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education #48's policy to first apply restricted funds, then unrestricted. For unrestricted fund balances, committed funds are used first, then assigned funds, then unassigned if any.

FUND ACCOUNTING

The Regional Office of Education #48 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #48 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #48 has presented all major funds that met the above qualifications.

The Regional Office of Education #48 reports the following major governmental funds:

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

ROE Local Fund - To account for local monies received that are not assigned to or need to be reported in another fund and to account for on-behalf support provided to the Regional Office of Education #48 from Peoria County and the State of Illinois.

General State Aid - To account for monies passed through to Peoria County School District 150.

Jail Library - To account for local monies received to provide a librarian at the Peoria County Jail.

Lincoln Senior Award - To account for local monies received to provide Abraham Lincoln Awards to sixteen high school students.

Office of Prevention - To account for monies used to create a "library" of substance abuse and violence prevention materials which directs a 40 percent portion of Title IV grants from 15 Peoria County school districts to Peoria County Sheriff for use in the D.A.R.E. program.

Hospital Tutoring - State laws require that hospitalized students receive tutoring. To account for the related transactions, including the receipt of the bills from the hospitals, billing the appropriate schools, receiving payment from the schools, and remitting payments to the hospitals. This fund also accounts for the payment and subsequent reimbursement of salaries and benefit costs associated with the alternative teacher who provides instruction to hospitalized students.

Food Co-op - To account for the Regional Office of Education #48's administration of food programs for the schools participating in the co-op.

Peoria Regional High School Truants - To account for monies received for the operation of the Peoria County Regional High School.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Peoria Regional High School General State Aid - To account for monies received from Regional Office of Education #53 for the operation of the Peoria County Regional High School.

Peoria Regional High School - To account for local monies received for the operation of the Peoria County Regional High School.

Criminal Background Checks - To account for local monies received for performing background check services.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed expenditures for specified purposes other than debt service or capital projects.

Major special revenue funds include the following:

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

Adult Education Federal Basic, State Basic, and Performance - To account for State and federal monies received for educational programs for incarcerated persons.

AdvancED - This grant provides funds for the ROE #48 to participate in the AdvancED accreditation process following the AdvancED Standards and Policies for the initial accreditation for ROE's and shall receive accreditation by 2020.

Communities for Youth Truants Alternative - To account for monies received for programs leading to a high school diploma for students with truancy problems.

McKinney-Vento Education for Homeless Children and Youth - To account for monies received to provide information to schools, community members and government entities about the educational rights of homeless students.

Learning Technology Center General Operations - To account for monies received to provide a technology support system for area school districts.

ROE/ISC Operations - To account for the administration of the PROE (Peoria Regional Office of Education) Center, which provides staff training and development and school improvement services.

Foundational Services - To account for Title I - School Improvement and Accountability monies received from Regional Office of Education #51 (federal dollars) used for providing professional development to teachers to build their foundational knowledge.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Education - IDEA Part D - To account for monies received from Regional Office of Education #47 (federal dollars) for expenditures incurred to combine professional development in response to intervention, standards aligned classroom, and reading literacy to improve intervention with children.

Pilot Regional Safe School Cooperative Education Program - This program is used to account for grant monies received for, and payment of expenditures related to providing suspended or expelled youth at the Regional Safe School with alternative cooperative education including classroom work and experience in the private sector.

Preschool for All Children - To account for monies from the State for expenditures incurred to make voluntary preschool available to all 3 and 4 year old children in an effort to help those children prepare for kindergarten and their school career.

Preschool for All Expansion - This grant replaced the previous Preschool for All grant that the ROE has administered for many years. Grant money will help develop, enhance and expand preschool programs that are of high quality. Funds will be provided for early childhood and family education programs and services that will help young children enter school ready to learn.

Regional Safe Schools - To account for monies passed through to Peoria County School District 150.

Mathematics and Science Partnerships - SA – This program accounts for monies received for and in payment of expenditures for a Science Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Science.

Mathematics and Science Partnerships - MA – This program accounts for monies received for and in payment of expenditures for a Math Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Math.

Title II - Teacher Quality Leadership Grant - To account for monies received from the State (federal dollars) to support school improvement services for schools in academic difficulty.

The Regional Office of Education #48 reports the following nonmajor special revenue funds:

Bus Driver Training - This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

General Education Development - To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Institute - This fund accounts for teacher license registration, issuance and evaluation fees for processing licenses, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Local Foundation - To account for local monies received through fund raising activities that are to be used to support Peoria Regional High School activities.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #48 on a cost reimbursement basis are reported. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges.

Major proprietary funds

Illinois Virtual School Fund - This fund was created in 2009 as a result of the Peoria County Regional Office of Education #48's contract award from the Illinois State Board of Education. This fund accounts for income received through course fees from school districts, parents of students taking grades 5-12 online courses, and educators enrolled in professional development courses, in addition to funding received through the contract with the Illinois State Board of Education. The mission of the Illinois Virtual School is to expand educational opportunities for students and educators in Illinois.

Local Workshops Fund - This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

Nonmajor proprietary fund

Learning Technology Center Technical Training and Support - To account for monies received to provide training and professional development to area educators.

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education #48 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Regional Board of Trustees - To account for the proceeds and related costs from the sale of school properties within the Regional Office of Education #48.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Continued)

Central Illinois Science Education (C.I.S.E.) - To account for the receipts and disbursements of the C.I.S.E. This account is maintained for the convenience of the C.I.S.E.

Peoria Educational Region for Employment and Career Training (PERFECT) - To account for the pass-through of monies from the Illinois State Board of Education to agencies to conduct career and technical education improvement programs.

Special Education Association of Peoria County (SEAPCO) - To account for the pass-through of monies from the Illinois State Board of Education to agencies to conduct Special Education instruction in Peoria County.

County Schools Facility Sales Tax - To account for County Schools Facility Sales Tax money received from the State of Illinois and distributed to all School Districts.

Illinois Virtual School (IVS) Scholarship Fund - To account for scholarship monies from the LUDA Education Foundation to provide scholarships to students.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a Governmental Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Regional Office of Education #48 considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Regional Office of Education #48 considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Regional Superintendent has provided otherwise in its commitment or assignment actions.

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 fund balance that are not available to be spent, either short term or long term, in either form or through legal restrictions. Amounts representing prepaid expenses have been classified as nonspendable funds. The following accounts comprise nonspendable fund balance: ROE Local Fund, Hospital Tutoring, Peoria Regional High School General State Aid, Peoria Regional High School, and Criminal Background Checks.

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, Institute, and Supervisory. The following fund balances are restricted by contributors: Local Foundation.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Committed Fund Balance – the portion of a Governmental Fund’s fund balance 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 fund balance 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 following accounts comprise assigned fund balance: ROE Local Fund, Jail Library, Office of Prevention, Hospital Tutoring, Peoria Regional High School General State Aid, and Peoria Regional High School.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: ROE Local Fund, Peoria Regional High School Truants, Criminal Background Checks, Communities for Youth Truants Alternative, and Preschool for All Children.

NET POSITION

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

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #48 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVENTORY

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 - 10 years
Computer Equipment	3 - 5 years
Other Equipment	5 - 20 years

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the Regional Office of Education #48's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education #48's OPEB Plan and additions to/deductions from the Regional Office of Education #48's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #48's Plan. For this purpose, the Regional Office of Education #48's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education #48 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.

COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days 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.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (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 are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end.

USE OF ESTIMATES

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

BUDGET DATA

The Regional Office of Education #48 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Adult Education - Federal Basic, Adult Education - State Basic, Adult Education - Performance, AdvancED, Communities for Youth Truants Alternative, McKinney-Vento Education for Homeless Children and Youth, ROE/ISC Operations, Foundational Services, Special Education - IDEA Part D, Preschool for All Children, Preschool for All Expansion, Regional Safe Schools, Pilot Regional Safe School Cooperative Education Program, Title II Teacher Quality Leadership Grant, Mathematics and Science Partnerships - SA, and Mathematics and Science Partnerships - MA.

2 DEPOSITS AND INVESTMENTS

The Illinois Compiled Statutes authorize the Regional Office of Education #48 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

2 DEPOSITS AND INVESTMENTS (Continued)

DEPOSITS

At June 30, 2018, the carrying amount of the Regional Office of Education #48's government-wide and Agency fund deposits were \$242,271 and \$5,607, respectively, and the bank balances were \$165,317 and \$5,607, respectively. These amounts were fully secured by federal depository insurance. The remaining cash and cash equivalents consisted of money market mutual funds in the amount of \$3,943,688. Additional detail is presented on these money market mutual funds below.

INVESTMENTS

The Regional Office of Education #48 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. At June 30, 2018, the Regional Office of Education #48 had investments with a carrying value of \$10,591 in the Illinois Funds and \$3,933,097 in the Illinois School District Liquid Asset Fund Plus.

CREDIT RISK

At June 30, 2018, the Illinois Funds and the Illinois School District Liquid Asset Fund Plus (ISDLAF+) both had a Standard and Poor's AAAM rating. Both of these pools are audited annually by an outside independent auditor and copies of the report are distributed to participants. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. Although not subject to direct regulatory oversight, the Illinois Funds is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act. All investments are fully collateralized.

INTEREST RATE RISK

The Illinois Funds and the Illinois School District Liquid Asset Fund Plus enable custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity. The investment policy of the Illinois School District Liquid Asset Fund Plus limits the average dollar-weighted portfolio maturity to sixty days or less and states that money market instruments must have a maximum remaining maturity of 397 days except for U.S. government obligations which may have remaining maturities up to two years.

CONCENTRATION OF CREDIT RISK

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits. The Illinois School District Liquid Asset Fund Plus's investment policy specifically limits the amount of investments in commercial paper to 33 1/3% of the fund's assets. The fund is managed to comply with specific requirements of the Illinois law, particularly the Public Funds Investment Act and other applicable to the investment of participant's funds.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Regional Office of Education #48's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #48's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. 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.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

EMPLOYEES COVERED BY BENEFIT TERMS

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	5
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	8
Total	<u>26</u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education #48's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #48's annual contribution rate for calendar year 2017 was 11.01%. For the fiscal year ended June 30, 2018, the Regional Office of Education #48 contributed \$41,508 to the plan. The Regional Office of Education #48 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Regional Office of Education #48's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014-2016.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

- For **Non-Disabled Retirees**, an IMRF Specific Mortality Table was used with fully generation projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SINGLE DISCOUNT RATE

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

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

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

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 944,221	\$ 781,908	\$ 162,313
Changes for the year:			
Service Cost	32,861	-	32,861
Interest on the Total Pension Liability	70,990	-	70,990
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	17,466	-	17,466
Changes of Assumptions	(23,285)	-	(23,285)
Contributions - Employer	-	37,921	(37,921)
Contributions - Employees	-	15,499	(15,499)
Net Investment Income	-	128,734	(128,734)
Benefit Payments, including Refunds of Employee Contributions	(28,234)	(28,234)	-
Other (Net Transfer)	-	(13,419)	13,419
Net Changes	69,798	140,501	(70,703)
Balances at December 31, 2017	\$ 1,014,019	\$ 922,409	\$ 91,610

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$ 203,908	\$ 91,610	\$ 243

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2018, the Regional Office of Education #48 recognized pension expense of \$74,699. At June 30, 2018, the Regional Office of Education #48 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ 16,274	\$ 1,337
Changes of assumptions	984	15,515
Net difference between projected and actual earnings on pension plan investments	18,612	55,714
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	35,870	72,566
<i>Pension contributions made subsequent to the measurement date</i>	24,459	-
Total Deferred Amounts Related to Pensions	\$ 60,329	\$ 72,566

\$24,459 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2019.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

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

Year Ending December 31	Net Deferred Inflows of Resources
2018	\$ (2,118)
2019	(7,751)
2020	(12,899)
2021	(13,928)
Total	<u>\$ (36,696)</u>

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #48 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

BENEFITS PROVIDED

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

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

BENEFITS PROVIDED (Continued)

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

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017 was 9 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #48.

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #48. For the year ended June 30, 2018, the State of Illinois contributions recognized by the Regional Office of Education #48 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education #48, and the Regional Office of Education #48 recognized revenue and expenditures of \$1,407,007 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 ending June 30, 2018 were \$12,291, and are deferred because they were paid after the June 30, 2017 measurement date.

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS

When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #48, there is a statutory requirement for the Regional Office of Education #48 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.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS (Continued)

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$165,190 were paid from federal and special trust funds that required Regional Office of Education #48 contributions of \$16,684. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

EMPLOYER RETIREMENT COST CONTRIBUTIONS

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #48 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 June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education #48 paid no employer contributions for retirements that occurred before July 1, 2017.

The Regional Office of Education #48 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the Regional Office of Education #48 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, the Regional Office of Education #48 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:

Employers proportionate share of the net pension liability	\$ 1,549,652
State's proportionate share of the net pension liability associated with the employer	14,296,643
	<u>\$ 15,846,295</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education #48's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education #48's proportion was 0.0020283889 percent, which was an increase of 0.0009685031 percent from its proportion measured as of June 30, 2016.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

For the year ended June 30, 2018, the Regional Office of Education #48 recognized pension expense of \$1,407,007 and revenue of \$1,407,007 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #48 recognized pension expense of (\$60,905). At June 30, 2018, the Regional Office of Education #48 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,831	\$ 716
Net difference between projected and actual earnings on pension plan investments	1,063	-
Changes of assumptions	103,428	44,529
Changes in proportion and difference between employer contributions and proportionate share of contributions	681,214	552,253
Employer contributions subsequent to the measurement date	28,975	-
	\$ 831,511	\$ 597,498

\$28,975 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #48 as a reduction of their net pension liabilities in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year ended June 30:	
2019	\$ (187,212)
2020	123,024
2021	137,615
2022	114,542
2023	17,069
	\$ 205,038

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (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 increase:	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:

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

DISCOUNT RATE

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

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

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 REGIONAL OFFICE OF EDUCATION #48'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #48's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 1,903,949	\$ 1,549,652	\$ 1,259,452

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*.

CHANGE IN TRS NET PENSION LIABILITY

Balance - June 30, 2017	\$ 836,632
Additions	713,020
Deletions	-
Balance - June 30, 2018	\$ 1,549,652

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND

PLAN DESCRIPTION

The Regional Office of Education #48 participates in the Teacher Health Insurance Security (THIS) Fund. THIS is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) establishes the eligibility and benefit provisions of the plan. Amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) requires that the Department's Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

The publicly available financial report for 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" <http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp> ; prior reports are available under "Healthcare and Family Services" <http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>.

BENEFITS PROVIDED

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage Plan.

CONTRIBUTIONS

All active member of TRS, who are not employees of a state agency, make contributions to the plan at a rate of 1.18% of creditable earnings.

The Regional Office of Education is required to make contributions to the THIS Fund. The employer THIS Fund Contribution was .88% during the year ended June 30, 2018. For the years ended June 30, 2017 and June 30, 2016, the employer THIS Fund Contribution was .84% and .80%, respectively. Contributions for the year ending June 30, 2018 were \$18,648 and are deferred because they were paid after the June 30, 2017 measurement date. For the years ended June 30, 2017 and June 30, 2016, the Regional Office of Education #48 paid \$16,219 and \$14,275, respectively, which was 100 percent of the required contribution.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

CONTRIBUTIONS (Continued)

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

The State of Illinois makes employer contributions on behalf of the Regional Office of Education #48 as under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the THIS, an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year.

For the year ended June 30, 2018, the State of Illinois contributions recognized by the Regional Office of Education #48 were based on the State's proportionate share of the collective OPEB liability associated with the Regional Office of Education #48, and the Regional Office of Education #48 recognized revenue and expenditures of \$202,976 in OPEB contributions from the State of Illinois.

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2018, The Regional Office of Education #48 reported a liability for its proportionate share of the net OPEB liability (first amount shown below). The State's support and total are for disclosure purposes only. The amount recognized by The Regional Office of Education #48 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with The Regional Office of Education #48 were as follows:

Employers proportionate share of the net OPEB liability	\$ 2,178,182
State's proportionate share of the net OPEB liability associated with the employer	<u>2,860,448</u>
Total	<u>\$ 5,038,630</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The Regional Office of Education #48's proportion of the collective net OPEB liability was based on The Regional Office of Education #48's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, The Regional Office of Education #48's proportion was 0.008394%, which was an increase of 0.000756% from its proportion measured as of June 30, 2016.

For the year ending June 30, 2018, the Regional Office of Education #48 recognized OPEB expense of \$202,976 and revenue of \$202,976 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education #48 recognized OPEB expense of \$189,221.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

At June 30, 2018, The Regional Office of Education #48 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
Differences between expected and actual experience	\$ -	\$ 1,233
Changes of assumptions	-	259,341
Net difference between projected and actual investment earnings on OPEB plan investments	-	24
Changes in proportion and differences between employer contributions and proportionate share of contributions	177,820	-
Total deferred amounts to be recognized in OPEB expense in future periods	177,820	260,598
Employer contributions subsequent to the measurement date	18,648	-
Total deferred amounts related to OPEB	\$ 196,468	\$ 260,598

\$18,648 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30	Net Deferred Inflows of Resources
2019	\$ (12,718)
2020	(12,718)
2021	(12,718)
2022	(12,718)
2023	(12,718)
Thereafter	(19,188)
	\$ (82,778)

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

ACTUARIAL VALUATION METHOD

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

ACTUARIAL ASSUMPTIONS

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

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

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

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

DISCOUNT RATE

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate. Since the THIS is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index with an average AA credit rating as of the measurement date has been selected. A single discount rate of 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017 was used to measure the total OPEB liability.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents The Regional Office of Education #48's proportionate share of the total OPEB liability calculated using the discount rate of 3.56%, as well as what The Regional Office of Education #48's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 2,613,807	\$ 2,178,182	\$ 1,829,613

The following presents The Regional Office of Education #48's proportionate share of the total OPEB liability calculated using the healthcare cost trend rate, as well as what The Regional Office of Education #48's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. 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 ^a	Healthcare Cost Trend Rates	1% Increase ^b
Employer's proportionate share of the collective net OPEB liability	\$ 1,758,016	\$ 2,178,182	\$ 2,781,259

^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.

CHANGE IN THIS NET OPEB LIABILITY

Balance - June 30, 2017	\$ 2,087,959
Additions	90,223
Deletions	-
Balance - June 30, 2018	\$ 2,178,182

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

6 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2018 consist of the following individual due to/from other funds in the governmental fund balance sheet and proprietary fund statement of net position. The balances between governmental funds and between proprietary funds were eliminated in the government-wide Statement of Net Position.

	Due To Other Funds	Due From Other Funds
Education Fund	\$ 137,019	\$ -
General Fund	-	8,866
Proprietary Fund	-	128,153
Total	\$ 137,019	\$ 137,019

TRANSFERS

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

	Transfer In	Transfer Out
General Fund	\$ 2,481,429	\$ -
Proprietary Fund	-	2,481,429
Total	\$ 2,481,429	\$ 2,481,429

7 CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #48 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office of Education #48's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2018:

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

7 CAPITAL ASSET ACTIVITY (Continued)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Equipment	\$ 89,568	\$ -	\$ (9,332)	\$ 80,236
Governmental Activities Total Assets	89,568	-	(9,332)	80,236
Less Accumulated Depreciation	(63,242)	(6,623)	9,332	(60,533)
Governmental Activities Investment in Capital Assets, Net	\$ 26,326	\$ (6,623)	\$ -	\$ 19,703
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Business-type Activities:				
Equipment	\$ 55,554	\$ 2,396	\$ (2,350)	\$ 55,600
Business-type Activities Total Assets	55,554	2,396	(2,350)	55,600
Less Accumulated Depreciation	(35,497)	(9,400)	1,222	(43,675)
Business-type Activities Investment in Capital Assets, Net	\$ 20,057	\$ (7,004)	\$ (1,128)	\$ 11,925

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2018 of \$6,623 and \$9,400 was charged to the governmental activities - instructional services and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

8 RISK MANAGEMENT

The Regional Office of Education #48 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #48 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

9 OPERATING LEASES

The Regional Office of Education #48 has two lease agreements for office space and one agreement for storage space. The lease for office space at the PROE Center covered the period of July 1, 2017 through June 30, 2018 for a monthly rent of \$4,256. The lease for office space at Peoria Regional High School covered the period of July 1, 2017 through June 30, 2018 for a monthly rent of \$3,580. The lease period for the large storage space was July 1, 2017 through June 30, 2018 and had monthly rent of \$300. Subsequent to year-end, the PROE Center, Peoria Regional High School, and large storage space were renewed and extended an additional year through June 30, 2019. During the year ended June 30, 2018, rentals under lease obligations were \$97,633.

10 ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on-behalf of the Regional Office of Education #48:

State of Illinois	
Regional Superintendent Salary	\$ 115,176
Regional Superintendent Fringe Benefit (Includes State paid insurance)	33,595
Assistant Regional Superintendent Salary	103,656
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	<u>22,194</u>
Total	<u><u>\$ 274,621</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education #48's also recorded \$1,407,007 and \$202,976 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense and the State's Teacher's Health Insurance Security Fund (THIS) OPEB expense in the Statement of Activities, respectively. In addition, the Regional Office of Education #48 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.

State of Illinois on-behalf payments	\$ 274,621
ROE#48's share of TRS pension expense	1,407,007
ROE#48's share of THIS OPEB expense	<u>202,976</u>
	<u><u>\$ 1,884,604</u></u>

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

10 ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education #48's personnel are paid by Peoria County, Illinois, in accordance with statutes. Employees of programs funded by federal and State grants are paid by the grant funds. Some fixed assets used solely by the Regional Office of Education #48 are purchased by Peoria County. Ownership of those fixed assets remains with the County of Peoria and, accordingly, the cost of these assets is not included in the Regional Office of Education #48's financial statements. Peoria County also provides office space and some administrative expenses for the Regional Office of Education #48. The following data was calculated based on information provided by Peoria County:

Salaries and Benefits	\$	170,628
Office Expenses		25,198
Total	\$	<u>195,826</u>

11 DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #48's Education Fund, General Fund, Proprietary Funds, Nonmajor Special Revenue Funds, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

General Fund

Local Governments	\$	14,795
Illinois State Board of Education		17,153

Education Fund

Local Governments		87,020
Illinois State Board of Education		61,038
Illinois Community College Board		2,529

Proprietary Funds

Local Governments		237,498
Illinois State Board of Education		100,000

Nonmajor Special Revenue Funds

Local Governments		4,253
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Agency Funds

Illinois State Board of Education		2,831,498
Total	\$	<u>3,355,784</u>

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

11 DUE TO/FROM OTHER GOVERNMENTS (Continued)

Due To Other Governments:

Education Fund

Local Governments	\$	12,136
Illinois Community College Board		14,475

Proprietary Funds

Illinois State Board of Education	16,338
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Agency Funds

Local Governments	2,837,105
Total	<u><u>\$ 2,880,054</u></u>

12 CAPITAL LEASES

In April of 2014, the Regional Office of Education #48 entered into a capital lease reported by the Local Workshops Fund for the acquisition of a copier at a cost of \$17,434. Accumulated depreciation of the copier as of June 30, 2018 was \$14,578.

Capital lease obligation activity for the year ended June 30, 2018 was as follows

Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
\$ 6,546	\$ -	\$ 3,702	\$ 2,844	\$ 2,844

The future minimum lease payments and the principal and interest as of June 30, 2018, were as follows:

Fiscal Year	Principal	Interest
2019	\$ 2,844	\$ 117
	<u>\$ 2,844</u>	<u>\$ 117</u>

13 ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts for the proprietary funds at June 30, 2018, are as follows:

	Outstanding Balance	Allowance for Doubtful Accounts	Net
Illinois Virtual School	\$ 311,015	\$ 4,000	\$ 307,015
Local Workshops Fund	36,349	5,866	30,483

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

14 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE

PLAN DESCRIPTION

The Regional Office of Education #48 administers a single-employer defined benefit OPEB plan, "the Plan". The plan provides OPEB for eligible retirees, spouses, and surviving spouses through The Regional Office of Education #48's group health insurance plan, which covers both active and retired members. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Regional Office of Education #48 and can be amended by the Regional Office of Education through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Plan does not issue a stand-alone financial report.

BENEFITS PROVIDED

The Regional Office of Education #48 provides medical and prescription benefits, through continued health insurance coverage, at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes. This benefit creates an implicit subsidy of retiree health insurance.

To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education #48 retirement plan. General employees who became Illinois Municipal Retirement Fund (IMRF) members prior to January 1, 2011 are eligible at the earliest of: 1. Age 60 with 8 years of service; 2. Age 55 with 35 years of service; or 3. Age 55 with 8 years of service (early retirement with reduced benefit). General employees who became IMRF members on/after January 1, 2011 are eligible at the earliest of: 1. Age 67 with 10 years of service; 2. Age 62 with 35 years of service; or 3. Age 62 with 10 years of service (early retirement with reduced benefit). 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. Spousal coverage converts to COBRA upon the death of a retiree or active employees eligible for retirement and terminates once the spouse attains age 65. If the retiree attains age 65 (eligible for Medicare) prior to their spouse, the spouse may elect to continue coverage through the Regional Office until the spouse attains age 65.

MEMBERSHIP

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	6
	<u>6</u>
	<u>6</u>

Active employees who have not elected health coverage are assumed not to elect coverage at retirement and they have been excluded from plan membership numbers and related valuations.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

14 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

FUNDING POLICY

All plan funding is done on a pay-as-you go basis as the Regional Office of Education #48 is not required to and currently does not advance fund the costs of benefits that may become due and payable in the future.

For fiscal year June 30, 2018, neither The Regional Office of Education #48 or retirees contributed to the plan.

TOTAL OPEB LIABILITY

The Regional Office of Education #48's total OPEB liability for the fiscal year ending June 30, 2018 was measured as of June 30, 2018 based on an actuarial valuation using the alternate measurement method calculation prescribed by GASB 75 as of that date. Liabilities as of July 1, 2017 are based on an actuarial valuation date of July 1, 2015 projected to July 1, 2017 on a "no gain/ no loss" basis.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine the total OPEB liability at June 30, 2018:

Actuarial cost method:	Entry Age Normal Level % of Salary
Asset valuation method:	N/A
Inflation:	2.50%
Salary increases:	3.39% to 10.35%, including inflation
Investment rate of return:	N/A
Retirement age:	Each general employee is assumed to retire at age 61 or upon meeting the minimum age/service requirement, whichever is later. If the employee is currently over the age of 61, and has met the minimum age/service requirement, he is assumed to retire immediately.
Mortality:	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
Healthcare trend cost rates:	Initial trend rates are based on a combination of employer history, national trend surveys, and professional judgement. Ultimate trend rate was selected based on historical medical CPI information. For fiscal years on and after 2019, trend starts at 9.00%, and gradually decreases to an ultimate trend of 5.00%.
Turnover rate:	The turnover rate is based on the support staff turnover table from the Illinois Municipal Retirement Fund Actuarial Valuation as of December 31, 2017.
Retiree contributions:	Retiree contributions are assumed to increase according to healthcare trend rates.
Healthcare coverage election rate:	Active employees with current coverage are assumed to elect coverage at a rate of 40% and active employees with no coverage at a rate of 0%.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

14 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

DISCOUNT RATE

The Regional Office of Education #48 does not have a dedicated Trust to pay the benefits of the Plan. In this case the discount rate used for valuing OPEB liabilities for unfunded plans as of the Measurement Date is based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The discount rate used is 3.87%, which is the Bond Buyer Go 20-Bond Municipal Bond Index as of June 30, 2018. Similarly, a discount rate of 3.58% was used as of July 1, 2017.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2017 (restated - See note 16)	\$ 11,866
Changes for the year:	
Service cost	1,383
Interest	474
Changes of benefit terms	-
Differences between expected and actual experience of the total OPEB liability	(4,846)
Changes of assumptions	(1,194)
Benefit payments	-
Net changes	(4,183)
Balances at June 30, 2018	\$ 7,683

SENSITIVITY OF THE EMPLOYER'S TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents The Regional Office of Education #48's total OPEB liability as of June 30, 2018 calculated using the discount rate of 3.87%, as well as what The Regional Office of Education #48's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 8,908	\$ 7,683	\$ 6,607

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents The Regional Office of Education #48's total OPEB liability as of June 30, 2018 using the healthcare trend rates assumed and what The Regional Office of Education #48's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. The current healthcare trend rate starts at an initial rate of 9.00% decreasing to an ultimate rate of 5.00%. The 1% decrease in healthcare trend rates would assume an initial rate of 8.00%, decreasing to an ultimate rate of 4.00%. The 1% increase in healthcare trend rates would assume an initial rate of 10.00%, decreasing to an ultimate rate of 6.00%.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2018

14 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE (Continued)

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES (Continued)

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	\$ 6,226	\$ 7,683	\$ 9,493

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2018, The Regional Office of Education #48 recognized OPEB expense of (\$4,183). At June 30, 2018, The Regional Office of Education #48 did not report any deferred outflows of resources and deferred inflows of resources related to this OPEB plan.

15 DEFICIT FUND BALANCE

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. The deferral of the revenues caused a deficit fund balance of \$10,419 in Peoria Regional High School Truants, \$7,832 in Communities for Youth Truants Alternative, and \$9,458 in Preschool for All Children fund accounts as of June 30, 2018.

16 RESTATEMENT

As described in Note 1, the Regional Office of Education #48 implemented GASB Statement No. 75 and GASB Statement No. 85 during the year ended June 30, 2018. As a result of the implementation, the Regional Office of Education #48 recorded adjustments to net position for governmental activities as follows:

Governmental activities net position

Net position - July 1, 2017	\$ (1,116,293)
Recognition of THIS net OPEB liability	(2,087,959)
Recognition of THIS deferred outflows for contributions made after the measurement date	16,219
Derecognition of ROE OPEB plan net OPEB liability, as calculated under GASB 45	18,768
Recognition of net OPEB obligation, as calculated under GASB 75	(11,866)
Net position - July 1, 2017, restated	\$ (3,181,131)

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30,

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.0020283889%	0.0010598858%	0.0012251183%	0.0010988916%
Employer's proportionate share of the net pension liability	\$ 1,549,652	\$ 836,632	\$ 802,575	\$ 668,767
State's proportionate share of the net pension liability associated with the employer	<u>14,296,643</u>	<u>14,171,517</u>	<u>10,838,948</u>	<u>8,853,197</u>
Total	<u>\$ 15,846,295</u>	<u>\$ 15,008,149</u>	<u>\$ 11,641,523</u>	<u>\$ 9,521,964</u>
Employer's covered payroll	\$ 1,930,834	\$ 1,796,039	\$ 1,679,745	\$ 1,462,157
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	80.3%	46.6%	47.8%	45.7%
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.*

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30, †

	2018	2017	2016	2015	2014
Statutorily-required contribution	\$ 28,975	\$ 84,284	\$ 45,388	\$ 38,585	\$ 39,208
Contributions in relation to the statutorily- required contribution	28,975	84,284	45,388	38,585	39,208
Contribution deficiency (excess)	<u>\$ -</u>				
Employer's covered payroll	\$ 2,119,096	\$ 1,930,834	\$ 1,796,039	\$ 1,679,745	\$ 1,462,157
Contributions as a percentage of covered payroll	1.4%	4.4%	2.5%	2.3%	2.7%

† 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.

Notes to Required Supplementary Information

Changes of assumptions

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

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

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

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 37,922	\$ 37,922		\$ 344,433	11.01%
2016	51,593	51,593	-	385,592	13.38%
2015	35,166	35,166	-	381,405	9.22%
2014	31,185	33,481	(2,296)	370,368	9.04%

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.5%, including inflation
<i>Investment Rate of Return:</i>	7.5%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 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.

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 32,861	\$ 41,569	\$ 38,901	\$ 42,803
Interest on the Total Pension Liability	70,990	65,406	60,525	43,948
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	17,466	546	(4,610)	133,041
Changes of Assumptions	(23,285)	-	-	30,146
Benefit Payments, including Refunds of Employee Contributions	(28,234)	(29,204)	(32,926)	(21,004)
Net Change in Total Pension Liability	69,798	78,317	61,890	228,934
Total Pension Liability - Beginning	944,221	865,904	804,014	575,080
Total Pension Liability - Ending (A)	<u>\$ 1,014,019</u>	<u>\$ 944,221</u>	<u>\$ 865,904</u>	<u>\$ 804,014</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 37,921	\$ 51,593	\$ 35,166	\$ 33,481
Contributions - Employees	15,499	24,897	17,163	28,590
Net Investment Income	128,734	48,305	13,816	38,808
Benefit Payments, including Refunds of Employee Contributions	(28,234)	(29,204)	(32,926)	(21,004)
Other (Net Transfer)	(13,419)	19	(1,944)	(973)
Net Change in Plan Fiduciary Net Position	140,501	95,610	31,275	78,902
Plan Fiduciary Net Position - Beginning	781,908	686,298	655,023	576,121
Plan Fiduciary Net Position - Ending (B)	<u>\$ 922,409</u>	<u>\$ 781,908</u>	<u>\$ 686,298</u>	<u>\$ 655,023</u>
Net Pension Liability - Ending (A) - (B)	\$ 91,610	\$ 162,313	\$ 179,606	\$ 148,991
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.97%	82.81%	79.26%	81.47%
Covered Payroll	\$ 344,433	\$ 385,592	\$ 381,405	\$ 370,368
Net Pension Liability as a Percentage of Covered Payroll	26.60%	42.09%	47.09%	40.23%

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.

See accompanying Independent Auditors' Report.

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Health Insurance Security Fund

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Payroll
2018	\$ 18,648	\$ 18,648	-	\$ 2,119,096	0.88%
2017	16,219	16,219	-	1,930,834	0.84%
2016	14,275	14,275	-	1,784,441	0.80%

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

See accompanying Independent Auditors' Report.

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY
Teacher's Health Insurance Security Fund
Last 2 Fiscal Years*

	<u>2017*</u>	<u>2016*</u>
Employer's proportion of the collective net OPEB liability	0.008394%	0.007638%
Employer's proportionate share of the collective net OPEB liability	\$ 2,178,182	\$ 2,087,959
State's proportionate share of the collective net OPEB liability associated with the employer	<u>2,860,448</u>	<u>2,903,818</u>
Total	<u>\$ 5,038,630</u>	<u>\$ 4,991,777</u>
Employer's covered payroll	\$ 1,930,834	\$ 1,784,441
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.81%	117.01%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

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

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Teacher's Health Insurance Security Fund
For the Year Ended June 30, 2018

1 CHANGES OF BENEFIT TERMS

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

2 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.

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Regional Office of Education #48 OPEB Plan

	<u>2018</u>
Actuarially determined contribution	\$ N/A
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	<u>\$ N/A</u>

Notes to Schedule:

There is no actuarially determined contribution or employer contributions in relation to the actuarially determined contribution as there is no trust that exists for funding the OPEB liabilities. Also, the Regional Office did not make contributions from other resources in the current year.

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

See accompanying Independent Auditors' Report.

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF CHANGES IN THE REGIONAL OFFICE OF EDUCATION'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
Regional Office of Education #48 OPEB Plan

Fiscal Year Ended June 30,	2018
Total OPEB Liability	
Service Cost	\$ 1,383
Interest	474
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(4,846)
Changes of Assumptions or Other Inputs	(1,194)
Benefit Payments	-
Net Change in Total OPEB Liability	(4,183)
Total OPEB Liability - Beginning	11,866
Total OPEB Liability - Ending	\$ 7,683
 Covered Payroll	 \$ 374,959
 Total OPEB Liability as a Percentage of Covered Payroll	 2.05%

Notes to Schedule:

Changes of assumptions and other inputs reflect changes to assumptions that have been updated since the previous valuation to be in accordance with GASB 75.

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.

See accompanying Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2018

	ROE Local Fund	General State Aid	Jail Library	Lincoln Senior Award
Assets				
Cash and cash equivalents	\$ 2,498,659	\$ -	\$ 519	\$ -
Due from other funds	30,554	-	-	-
Due from other governments	275	-	-	-
Prepaid expenses	1,735	-	-	-
Total assets	\$ 2,531,223	\$ -	\$ 519	\$ -
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balance				
Nonspendable	1,735	-	-	-
Assigned	2,481,429	-	519	-
Unassigned	48,059	-	-	-
Total fund balance (deficit)	2,531,223	-	519	-
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 2,531,223	\$ -	\$ 519	\$ -

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2018

	Office of Prevention	Hospital Tutoring	Food Co-Op	Peoria Regional High School Truants
Assets				
Cash and cash equivalents	\$ 13,795	\$ 7,495	\$ 5,600	\$ -
Due from other funds	-	-	-	-
Due from other governments	-	13,970	-	17,153
Prepaid expenses	-	996	-	-
Total assets	\$ 13,795	\$ 22,461	\$ 5,600	\$ 17,153
Liabilities				
Accounts payable	\$ -	\$ 11,750	\$ -	\$ -
Due to other funds	-	4,535	-	17,153
Unearned revenue	-	-	5,600	-
Total liabilities	-	16,285	5,600	17,153
Deferred inflows of resources				
Unavailable revenue	-	-	-	10,419
Fund balance				
Nonspendable	-	996	-	-
Assigned	13,795	5,180	-	-
Unassigned	-	-	-	(10,419)
Total fund balance (deficit)	13,795	6,176	-	(10,419)
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 13,795	\$ 22,461	\$ 5,600	\$ 17,153

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2018

	Peoria Regional High School General State Aid	Peoria Regional High School	Criminal Background Checks	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 91,993	\$ 12,147	\$ 11,328	\$ -	\$ 2,641,536
Due from other funds	-	-	-	(21,688)	8,866
Due from other governments	-	-	550	-	31,948
Prepaid expenses	3,275	2,535	746	-	9,287
Total assets	\$ 95,268	\$ 14,682	\$ 12,624	\$ (21,688)	\$ 2,691,637
Liabilities					
Accounts payable	\$ -	\$ 5,770	\$ 1,551	\$ -	\$ 19,071
Due to other funds	-	-	-	(21,688)	-
Unearned revenue	-	-	-	-	5,600
Total liabilities	-	5,770	1,551	(21,688)	24,671
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	10,419
Fund balance					
Nonspendable	3,275	2,535	746	-	9,287
Assigned	91,993	6,377	-	-	2,599,293
Unassigned	-	-	10,327	-	47,967
Total fund balance (deficit)	95,268	8,912	11,073	-	2,656,547
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 95,268	\$ 14,682	\$ 12,624	\$ (21,688)	\$ 2,691,637

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2018

	ROE Local Fund	General State Aid	Jail Library	Lincoln Senior Award
Revenues				
Local sources	\$ 21,062	\$ -	\$ -	\$ 1,315
State sources	-	278,598	-	-
On-behalf payments - local	195,826	-	-	-
On-behalf payments - state	274,621	-	-	-
Interest income	20,375	-	-	-
Total revenues	511,884	278,598	-	1,315
Expenditures				
Instructional services:				
Salaries and benefits	-	-	-	-
Purchased services	13,884	-	-	1,278
Supplies and materials	743	-	-	29
Other objects	756	-	-	8
On-behalf payments - local	195,826	-	-	-
On-behalf payments - state	274,621	-	-	-
Pension expense	4,791	-	-	-
OPEB expense	564	-	-	-
Intergovernmental:				
Payments to other governments	-	278,598	-	-
Total expenditures	491,185	278,598	-	1,315
Excess (deficiency) of revenues over expenditures	20,699	-	-	-
Other financing sources (uses)				
Transfers in	2,481,429	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	2,481,429	-	-	-
Net change in fund balances	2,502,128	-	-	-
Fund balance (deficit) - beginning	29,095	-	519	-
Fund balance (deficit) - ending	\$ 2,531,223	\$ -	\$ 519	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2018

	Office of Prevention	Hospital Tutoring	Food Co-Op	Peoria Regional High School Truants
Revenues				
Local sources	\$ -	\$ 130,031	\$ 4,571	\$ -
State sources	-	-	-	101,844
On-behalf payments - local	-	-	-	-
On-behalf payments - state	-	-	-	-
Interest income	158	61	15	-
Total revenues	158	130,092	4,586	101,844
Expenditures				
Instructional services:				
Salaries and benefits	-	59,748	5,000	75,283
Purchased services	3,225	62,769	139	301
Supplies and materials	355	-	213	1,088
Other objects	2,900	-	-	-
On-behalf payments - local	-	-	-	-
On-behalf payments - state	-	-	-	-
Pension expense	-	370	-	430
OPEB expense	-	484	-	653
Intergovernmental:				
Payments to other governments	-	-	-	-
Total expenditures	6,480	123,371	5,352	77,755
Excess (deficiency) of revenues over expenditures	(6,322)	6,721	(766)	24,089
Other financing sources (uses)				
Transfers in	-	-	766	-
Transfers out	-	(766)	-	-
Total other financing sources (uses)	-	(766)	766	-
Net change in fund balances	(6,322)	5,955	-	24,089
Fund balance (deficit) - beginning	20,117	221	-	(34,508)
Fund balance (deficit) - ending	<u>\$ 13,795</u>	<u>\$ 6,176</u>	<u>\$ -</u>	<u>\$ (10,419)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2018

	Peoria Regional High School General State Aid	Peoria Regional High School	Criminal Background Checks	Eliminations	Total
Revenues					
Local sources	\$ -	\$ 24,419	\$ 47,370	\$ -	\$ 228,768
State sources	354,207	-	-	-	734,649
On-behalf payments - local	-	-	-	-	195,826
On-behalf payments - state	-	-	-	-	274,621
Interest income	619	118	124	-	21,470
Total revenues	354,826	24,537	47,494	-	1,455,334
Expenditures					
Instructional services:					
Salaries and benefits	257,663	6,535	-	-	404,229
Purchased services	58,145	10,843	37,084	-	187,668
Supplies and materials	-	16,479	1,011	-	19,918
Other objects	-	-	9,707	-	13,371
On-behalf payments - local	-	-	-	-	195,826
On-behalf payments - state	-	-	-	-	274,621
Pension expense	1,201	-	-	-	6,792
OPEB expense	1,822	-	-	-	3,523
Intergovernmental:					
Payments to other governments	-	-	-	-	278,598
Total expenditures	318,831	33,857	47,802	-	1,384,546
Excess (deficiency) of revenues over expenditures	35,995	(9,320)	(308)	-	70,788
Other financing sources (uses)					
Transfers in	-	-	-	(766)	2,481,429
Transfers out	-	-	-	766	-
Total other financing sources (uses)	-	-	-	-	2,481,429
Net change in fund balances	35,995	(9,320)	(308)	-	2,552,217
Fund balance (deficit) - beginning	59,273	18,232	11,381	-	104,330
Fund balance (deficit) - ending	\$ 95,268	\$ 8,912	\$ 11,073	\$ -	\$ 2,656,547

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2018

	Adult Education Federal Basic	Adult Education State Basic	Adult Education Performance	AdvancED	Communities for Youth Truants Alternative	McKinney-Vento Education for Homeless Children and Youth
Assets						
Cash and cash equivalents	\$ -	\$ 13,441	\$ 2,845	\$ -	\$ -	\$ -
Due from other governments	2,528	-	-	7,500	19,347	10,680
Total assets	<u>\$ 2,528</u>	<u>\$ 13,441</u>	<u>\$ 2,845</u>	<u>\$ 7,500</u>	<u>\$ 19,347</u>	<u>\$ 10,680</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 32	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	581	1,303	476	-	-	-
Due to other funds	1,947	-	-	7,500	19,347	10,680
Due to other governments	-	12,138	2,337	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>2,528</u>	<u>13,441</u>	<u>2,845</u>	<u>7,500</u>	<u>19,347</u>	<u>10,680</u>
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	7,832	-
Fund balance (deficit)						
Unassigned	-	-	-	-	(7,832)	-
Total fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,832)</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ 2,528</u>	<u>\$ 13,441</u>	<u>\$ 2,845</u>	<u>\$ 7,500</u>	<u>\$ 19,347</u>	<u>\$ 10,680</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2018

	Learning Technology Center General Operations	ROE/ISC Operations	Foundational Services	Special Education - IDEA Part D	Preschool for All Children	Preschool for All Expansion
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,378
Due from other governments	-	-	51,048	15,463	21,458	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,048</u>	<u>\$ 15,463</u>	<u>\$ 21,458</u>	<u>\$ 196,378</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 148	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	703	7,163
Due to other funds	-	-	51,048	15,315	20,755	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	189,215
Total liabilities	<u>-</u>	<u>-</u>	<u>51,048</u>	<u>15,463</u>	<u>21,458</u>	<u>196,378</u>
Deferred inflows of resources						
Unavailable revenue		-	-	-	9,458	-
Fund balance (deficit)						
Unassigned	-	-	-	-	(9,458)	-
Total fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,458)</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,048</u>	<u>\$ 15,463</u>	<u>\$ 21,458</u>	<u>\$ 196,378</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2018

	Regional Safe Schools	Pilot Regional Safe School Cooperative Educ. Program	Title II Teacher Quality Leadership Grant	Mathematics and Science Partnerships - SA	Mathematics and Science Partnerships - MA	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,664
Due from other governments	11,163	10,803	597	-	-	150,587
Total assets	\$ 11,163	\$ 10,803	\$ 597	\$ -	\$ -	\$ 363,251
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180
Accrued payroll and employee benefits	-	-	-	-	-	10,226
Due to other funds	-	9,830	597	-	-	137,019
Due to other governments	11,163	973	-	-	-	26,611
Unearned revenue	-	-	-	-	-	189,215
Total liabilities	11,163	10,803	597	-	-	363,251
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	17,290
Fund balance (deficit)						
Unassigned	-	-	-	-	-	(17,290)
Total fund balance (deficit)	-	-	-	-	-	(17,290)
Total liabilities, deferred inflows, and fund balance (deficit)	\$ 11,163	\$ 10,803	\$ 597	\$ -	\$ -	\$ 363,251

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2018

	Adult Education Federal Basic	Adult Education State Basic	Adult Education Performance	AdvancED	Communities for Youth Truants Alternative	McKinney-Vento Education for Homeless Children and Youth
Revenues						
State sources	\$ -	\$ 54,766	\$ 30,069	\$ 7,500	\$ 171,883	\$ -
Federal sources	6,361	-	-	-	-	48,335
Interest income	-	-	-	-	-	-
Total revenues	<u>6,361</u>	<u>54,766</u>	<u>30,069</u>	<u>7,500</u>	<u>171,883</u>	<u>48,335</u>
Expenditures						
Instructional services:						
Salaries and benefits	5,362	45,879	22,646	935	111,265	34,514
Purchased services	59	1,447	2,708	6,552	6,756	2,265
Supplies and materials	940	7,440	4,715	-	511	5,884
Pension expense	-	-	-	5	4,102	3,584
OPEB expense	-	-	-	8	344	-
Intergovernmental:						
Payments to other governments	-	-	-	-	-	-
Total expenditures	<u>6,361</u>	<u>54,766</u>	<u>30,069</u>	<u>7,500</u>	<u>122,978</u>	<u>46,247</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,905</u>	<u>2,088</u>
Net change in fund balances	-	-	-	-	48,905	2,088
Fund balance (deficit) - beginning	-	-	-	-	(56,737)	(2,088)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,832)</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2018

	Learning Technology Center General Operations	ROE/ISC Operations	Foundational Services	Special Education - IDEA Part D	Preschool for All Children	Preschool for All Expansion
Revenues						
State sources	\$ 70,084	\$ 138,838	\$ -	\$ -	\$ 157,325	\$ 110,784
Federal sources	-	-	51,671	182,700	-	-
Interest income	-	202	-	-	-	418
Total revenues	<u>70,084</u>	<u>139,040</u>	<u>51,671</u>	<u>182,700</u>	<u>157,325</u>	<u>111,202</u>
Expenditures						
Instructional services:						
Salaries and benefits	-	72,453	40,491	153,408	122,774	30,288
Purchased services	-	53,376	6,792	12,924	21,859	11,584
Supplies and materials	-	10,567	18	331	18,476	68,355
Pension expense	-	2,207	4,051	15,499	2,851	745
OPEB expense	-	437	319	538	823	230
Intergovernmental:						
Payments to other governments	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>139,040</u>	<u>51,671</u>	<u>182,700</u>	<u>166,783</u>	<u>111,202</u>
Excess (deficiency) of revenues over expenditures	<u>70,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,458)</u>	<u>-</u>
Net change in fund balances	70,084	-	-	-	(9,458)	-
Fund balance (deficit) - beginning	<u>(70,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,458)</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2018

	Regional Safe Schools	Pilot Regional Safe School Cooperative Educ. Program	Title II - Teacher Quality Leadership Grant	Mathematics and Science Partnerships - SA	Mathematics and Science Partnerships - MA	Total
Revenues						
State sources	\$ 117,106	\$ 32,108	\$ -	\$ -	\$ -	\$ 890,463
Federal sources	-	-	2,797	55,622	67,174	414,660
Interest income	-	-	-	-	-	620
Total revenues	<u>117,106</u>	<u>32,108</u>	<u>2,797</u>	<u>55,622</u>	<u>67,174</u>	<u>1,305,743</u>
Expenditures						
Instructional services:						
Salaries and benefits	-	-	-	14,460	12,817	667,292
Purchased services	-	-	2,797	1,967	2,549	133,635
Supplies and materials	-	-	-	7,499	10,133	134,869
Pension expense	-	-	-	1,112	939	35,095
OPEB expense	-	-	-	107	106	2,912
Intergovernmental:						
Payments to other governments	<u>100,465</u>	<u>32,108</u>	<u>-</u>	<u>26,167</u>	<u>40,630</u>	<u>199,370</u>
Total expenditures	<u>100,465</u>	<u>32,108</u>	<u>2,797</u>	<u>51,312</u>	<u>67,174</u>	<u>1,173,173</u>
Excess (deficiency) of revenues over expenditures	<u>16,641</u>	<u>-</u>	<u>-</u>	<u>4,310</u>	<u>-</u>	<u>132,570</u>
Net change in fund balances	16,641	-	-	4,310	-	132,570
Fund balance (deficit) - beginning	<u>(16,641)</u>	<u>-</u>	<u>-</u>	<u>(4,310)</u>	<u>-</u>	<u>(149,860)</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,290)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 53,590	\$ 53,590	\$ 6,361
Total revenues	53,590	53,590	6,361
Expenditures			
Salaries and benefits	43,960	43,960	5,362
Purchased services	1,700	1,700	59
Supplies and materials	7,930	7,930	940
Total expenditures	53,590	53,590	6,361
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - STATE BASIC

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 133,905	\$ 133,905	\$ 54,766
Total revenues	133,905	133,905	54,766
Expenditures			
Salaries and benefits	110,504	110,504	45,879
Purchased services	7,412	7,412	1,447
Supplies and materials	15,989	15,989	7,440
Total expenditures	133,905	133,905	54,766
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - PERFORMANCE

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 68,419	\$ 68,419	\$ 30,069
Total revenues	68,419	68,419	30,069
Expenditures			
Salaries and benefits	50,945	50,945	22,646
Purchased services	3,760	3,760	2,708
Supplies and materials	13,714	13,714	4,715
Total expenditures	68,419	68,419	30,069
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADVANCED

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 7,500	\$ 7,500	\$ 7,500
Total revenues	7,500	7,500	7,500
Expenditures			
Salaries and benefits	-	975	948
Purchased services	5,500	6,525	6,552
Supplies and materials	2,000	-	-
Total expenditures	7,500	7,500	7,500
Excess of revenues over expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
COMMUNITIES FOR YOUTH TRUANTS ALTERNATIVE

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 196,845	\$ 196,845	\$ 171,883
Total revenues	<u>196,845</u>	<u>196,845</u>	<u>171,883</u>
Expenditures			
Salaries and benefits	187,783	187,783	115,711
Purchased services	7,439	7,439	6,756
Supplies and materials	1,623	1,623	511
Total expenditures	<u>196,845</u>	<u>196,845</u>	<u>122,978</u>
Net change in fund balance	-	-	48,905
Fund balance (deficit) - beginning	-	-	<u>(56,737)</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,832)</u>

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense and OPEB expense were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 45,247	\$ 46,247	\$ 48,335
Total revenues	<u>45,247</u>	<u>46,247</u>	<u>48,335</u>
Expenditures			
Salaries and benefits	37,793	37,793	38,098
Purchased services	3,460	4,460	2,265
Supplies and materials	3,994	3,994	5,884
Total expenditures	<u>45,247</u>	<u>46,247</u>	<u>46,247</u>
Net change in fund balance	-	-	2,088
Fund balance (deficit) - beginning	<u>-</u>	<u>-</u>	<u>(2,088)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension expense reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 130,196	\$ 138,838	\$ 138,838
Interest income	-	-	202
Total revenues	<u>130,196</u>	<u>138,838</u>	<u>139,040</u>
Expenditures			
Salaries and benefits	78,890	73,217	75,097
Purchased services	32,767	52,229	53,376
Supplies and materials	17,339	13,392	10,567
Other objects	1,200	-	-
Total expenditures	<u>130,196</u>	<u>138,838</u>	<u>139,040</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOUNDATIONAL SERVICES

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 84,563	\$ 84,563	\$ 51,671
Total revenues	84,563	84,563	51,671
Expenditures			
Salaries and benefits	67,563	67,563	44,861
Purchased services	14,937	14,937	6,792
Supplies and materials	2,063	2,063	18
Total expenditures	84,563	84,563	51,671
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SPECIAL EDUCATION - IDEA PART D

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 280,000	\$ 280,000	\$ 182,700
Total revenues	280,000	280,000	182,700
Expenditures			
Salaries and benefits	209,203	209,203	169,445
Purchased services	60,797	60,797	12,924
Supplies and materials	10,000	10,000	331
Total expenditures	280,000	280,000	182,700
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL CHILDREN

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 165,568	\$ 165,568	\$ 157,325
Total revenues	165,568	165,568	157,325
Expenditures			
Salaries and benefits	119,299	127,668	126,448
Purchased services	32,831	23,268	21,859
Supplies and materials	13,438	14,632	18,476
Total expenditures	165,568	165,568	166,783
Net change in fund balance	-	-	(9,458)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	\$ -	\$ -	\$ (9,458)

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL EXPANSION

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 584,831	\$ 602,831	\$ 110,784
Interest Income	-	-	418
Total revenues	<u>584,831</u>	<u>602,831</u>	<u>111,202</u>
Expenditures			
Salaries and benefits	423,241	385,598	31,263
Purchased services	77,642	94,285	11,584
Supplies and materials	<u>83,948</u>	<u>122,948</u>	<u>68,355</u>
Total expenditures	<u>584,831</u>	<u>602,831</u>	<u>111,202</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 100,465	\$ 100,465	\$ 117,106
Total revenues	100,465	100,465	117,106
Expenditures			
Intergovernmental:			
Payments to other governments	100,465	100,465	100,465
Total expenditures	100,465	100,465	100,465
Net change in fund balance	-	-	16,641
Fund balance (deficit) - beginning	-	-	(16,641)
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PILOT REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 42,248	\$ 42,248	\$ 32,108
Total revenues	42,248	42,248	32,108
Expenditures			
Salaries and benefits	1,222	1,222	-
Purchased services	29,411	29,411	-
Supplies and materials	11,615	11,615	-
Intergovernmental:			
Payments to other governments	-	-	32,108
Total expenditures	42,248	42,248	32,108
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP GRANT

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,797	\$ 2,797	\$ 2,797
Total revenues	<u>2,797</u>	<u>2,797</u>	<u>2,797</u>
Expenditures			
Purchased services	<u>2,797</u>	<u>2,797</u>	<u>2,797</u>
Total expenditures	<u>2,797</u>	<u>2,797</u>	<u>2,797</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS - SA

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 55,622
Total revenues	250,000	250,000	55,622
Expenditures			
Salaries and benefits	69,915	66,823	15,679
Purchased services	7,122	7,167	1,967
Supplies and materials	22,808	90,268	7,499
Intergovernmental:			
Payments to other governments	150,155	85,742	26,167
Total expenditures	250,000	250,000	51,312
Net change in fund balance	-	-	4,310
Fund balance (deficit) - beginning	-	-	(4,310)
Fund balance - ending	\$ -	\$ -	\$ -

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS - MA

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 67,174
Total revenues	250,000	250,000	67,174
Expenditures			
Salaries and benefits	75,005	66,825	13,862
Purchased services	10,876	10,749	2,549
Supplies and materials	16,464	87,492	10,133
Intergovernmental:			
Payments to other governments	147,655	84,934	40,630
Total expenditures	250,000	250,000	67,174
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

Note: Salaries and benefits actual expenditures include pension and OPEB expenses reported on the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension and OPEB expenses were not separately budgeted items.

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2018

	Bus Driver Training	General Education Development	Institute	Supervisory	Local Foundation	Total
Assets						
Cash and cash equivalents	\$ 12,111	\$ 15,043	\$ 192,774	\$ 2,105	\$ 1,355	\$ 223,388
Due from other governments	-	4,253	-	-	-	4,253
Total assets	<u>\$ 12,111</u>	<u>\$ 19,296</u>	<u>\$ 192,774</u>	<u>\$ 2,105</u>	<u>\$ 1,355</u>	<u>\$ 227,641</u>
Deferred inflows of resources						
Unavailable revenue	-	3,144	-	-	-	3,144
Fund balance						
Restricted	<u>12,111</u>	<u>16,152</u>	<u>192,774</u>	<u>2,105</u>	<u>1,355</u>	<u>224,497</u>
Total fund balance	<u>12,111</u>	<u>16,152</u>	<u>192,774</u>	<u>2,105</u>	<u>1,355</u>	<u>224,497</u>
Total deferred inflows and fund balance	<u>\$ 12,111</u>	<u>\$ 19,296</u>	<u>\$ 192,774</u>	<u>\$ 2,105</u>	<u>\$ 1,355</u>	<u>\$ 227,641</u>

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2018

	Bus Driver Training	General Education Development	Institute	Supervisory	Local Foundation	Total
Revenues						
Local sources	\$ 5,388	\$ 16,490	\$ 91,713	\$ -	\$ -	\$ 113,591
State sources	1,576	-	-	-	-	1,576
Interest	134	167	1,585	-	-	1,886
Total revenues	<u>7,098</u>	<u>16,657</u>	<u>93,298</u>	<u>-</u>	<u>-</u>	<u>117,053</u>
Expenditures						
Salaries and benefits	-	3,463	10,718	-	-	14,181
Purchased services	13,151	35,050	35,186	70	-	83,457
Supplies and materials	-	938	1,668	-	-	2,606
Other objects	40	2,500	557	-	-	3,097
Pension expense	-	339	55	-	-	394
OPEB expense	-	-	89	-	-	89
Total expenditures	<u>13,191</u>	<u>42,290</u>	<u>48,273</u>	<u>70</u>	<u>-</u>	<u>103,824</u>
Excess (deficiency) of revenues over expenditures	<u>(6,093)</u>	<u>(25,633)</u>	<u>45,025</u>	<u>(70)</u>	<u>-</u>	<u>13,229</u>
Net change in fund balance	(6,093)	(25,633)	45,025	(70)	-	13,229
Fund balance - beginning	<u>18,204</u>	<u>41,785</u>	<u>147,749</u>	<u>2,175</u>	<u>1,355</u>	<u>211,268</u>
Fund balance - ending	<u>\$ 12,111</u>	<u>\$ 16,152</u>	<u>\$ 192,774</u>	<u>\$ 2,105</u>	<u>\$ 1,355</u>	<u>\$ 224,497</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2018

	Regional Board of Trustees	Central Illinois Science Education	PERFECT	SEAPCO	IVS Scholarship Fund	County Schools Facility Sales Tax	Total
Assets							
Cash and cash equivalents	\$ 18	\$ 2,084	\$ -	\$ -	\$ 3,505	\$ -	\$ 5,607
Due from other governments	-	-	61,587	487,161	-	2,282,750	2,831,498
Total assets	\$ 18	\$ 2,084	\$ 61,587	\$ 487,161	\$ 3,505	\$ 2,282,750	\$ 2,837,105
Liabilities							
Due to other governments	\$ 18	\$ 2,084	\$ 61,587	\$ 487,161	\$ 3,505	\$ 2,282,750	\$ 2,837,105
Total liabilities	\$ 18	\$ 2,084	\$ 61,587	\$ 487,161	\$ 3,505	\$ 2,282,750	\$ 2,837,105

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>REGIONAL BOARD OF TRUSTEES</u>				
Assets				
Cash and cash equivalents	\$ 18	\$ -	\$ -	\$ 18
Total assets	\$ 18	\$ -	\$ -	\$ 18
Liabilities				
Due to other governments	\$ 18	\$ -	\$ -	\$ 18
Total liabilities	\$ 18	\$ -	\$ -	\$ 18
<u>CENTRAL ILLINOIS SCIENCE EDUCATION</u>				
Assets				
Cash and cash equivalents	\$ 2,084	\$ -	\$ -	\$ 2,084
Total assets	\$ 2,084	\$ -	\$ -	\$ 2,084
Liabilities				
Due to other governments	\$ 2,084	\$ -	\$ -	\$ 2,084
Total liabilities	\$ 2,084	\$ -	\$ -	\$ 2,084
<u>PERFECT</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 837,311	\$ 837,311	\$ -
Due from other governments	125,253	61,587	125,253	61,587
Total assets	\$ 125,253	\$ 898,898	\$ 962,564	\$ 61,587
Liabilities				
Due to other governments	\$ 125,253	\$ 898,898	\$ 962,564	\$ 61,587
Total liabilities	\$ 125,253	\$ 898,898	\$ 962,564	\$ 61,587

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>SEAPCO</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 5,533,102	\$ 5,533,102	\$ -
Due from other governments	1,550,329	487,161	1,550,329	487,161
Total assets	\$ 1,550,329	\$ 6,020,263	\$ 7,083,431	\$ 487,161
Liabilities				
Due to other governments	\$ 1,550,329	\$ 6,020,263	\$ 7,083,431	\$ 487,161
Total liabilities	\$ 1,550,329	\$ 6,020,263	\$ 7,083,431	\$ 487,161
<u>IVS SCHOLARSHIP FUND</u>				
Assets				
Cash and cash equivalents	\$ 3,505	\$ -	\$ -	\$ 3,505
Total assets	\$ 3,505	\$ -	\$ -	\$ 3,505
Liabilities				
Due to other governments	\$ 3,505	\$ -	\$ -	\$ 3,505
Total liabilities	\$ 3,505	\$ -	\$ -	\$ 3,505
<u>COUNTY SCHOOLS FACILITY SALES TAX</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 6,397,906	\$ 6,397,906	\$ -
Due from other governments	-	2,282,750	-	2,282,750
Total assets	\$ -	\$ 8,680,656	\$ 6,397,906	\$ 2,282,750
Liabilities				
Due to other governments	\$ -	\$ 8,680,656	\$ 6,397,906	\$ 2,282,750
Total liabilities	\$ -	\$ 8,680,656	\$ 6,397,906	\$ 2,282,750
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 5,607	\$ 12,768,319	\$ 12,768,319	\$ 5,607
Due from other governments	1,675,582	2,831,498	1,675,582	2,831,498
Total assets	\$ 1,681,189	\$ 15,599,817	\$ 14,443,901	\$ 2,837,105
Liabilities				
Due to other governments	\$ 1,681,189	\$ 15,599,817	\$ 14,443,901	\$ 2,837,105
Total liabilities	\$ 1,681,189	\$ 15,599,817	\$ 14,443,901	\$ 2,837,105

See accompanying Independent Auditor's Report.