

**STATE OF ILLINOIS
BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

**FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
FOR THE YEAR ENDED JUNE 30, 2016**

**PERFORMED AS SPECIAL ASSISTANT AUDITORS
FOR THE OFFICE OF THE AUDITOR GENERAL
STATE OF ILLINOIS**

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

TABLE OF CONTENTS

	PAGE
Officials.....	1
Compliance Report Summary.....	2
Financial Statement Report Summary.....	4
FINANCIAL SECTION	
Independent Auditors' Report.....	5
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 <i>Government Auditing Standards</i>	8
Independent Auditors' Report on Compliance for Each Major Federal Program And Report on Internal Control over Compliance Required by the Uniform Guidance.....	10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Section I – Summary of Auditors' Results.....	13
Section II – Financial Statement Findings.....	14a – 14g
Section III – Federal Award Findings.....	15a – 15d
Corrective Action Plan for Current Year Audit Findings.....	16
Summary Schedule of Prior Audit Findings Not Repeated.....	21
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	EXHIBIT
Statement of Net Position.....	A 22
Statement of Activities.....	B 23
Fund Financial Statements	
Governmental Funds - Balance Sheet.....	C 24
Governmental Funds - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	D 25
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E 26
Governmental Funds - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	F 27
Proprietary Funds - Statement of Net Position.....	G 28
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Position.....	H 29
Proprietary Funds - Statement of Cash Flows.....	I 30

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

TABLE OF CONTENTS (CONTINUED)

	PAGE
Fiduciary Funds - Statement of Fiduciary Net Position.....J.....	31
Notes to the Financial Statements.....	32
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios.....	69
Illinois Municipal Retirement Fund - Schedule of Employer Contributions.....	70
Teachers' Retirement System of the State of Illinois - Schedule of Employer's Proportionate Share of the Net Pension Liability.....	72
Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions.....	72
Other Postemployment Benefits - Health Insurance Plan for Retired Employees - Schedule of Funding Progress.....	73
 OTHER SUPPLEMENTARY INFORMATION	
	SCHEDULE
General Fund:	
Combining Schedule of Accounts.....	1 74
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	2 76
Special Revenue Funds:	
Education Fund	
Combining Schedule of Accounts.....	3 78
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	4 81
Budgetary Comparison Schedules.....	5 84
Nonmajor Special Revenue Funds	
Combining Balance Sheet.....	6 87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7 88
Fiduciary Funds:	
Agency Funds – Combining Statement of Fiduciary Net Position.....	8 89
Agency Funds - Combining Statement of Changes in Assets and Liabilities.....	9 90
Boone County School Facility Occupation Tax - Schedule of Disbursements to School District Treasurers and Other Entities.....	10 91
Schedule of Expenditures of Federal Awards.....	92
Notes to the Schedule of Expenditures of Federal Awards.....	93

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
OFFICIALS**

Regional Superintendent
(Current effective July 1, 2019)

Regional Superintendent
(July 1, 2015 – June 30, 2019)

Assistant Regional Superintendent
(Current effective July 1, 2019)

Assistant Regional Superintendent
(July 1, 2017 – June 30, 2019)

Assistant Regional Superintendent
(July 1, 2015 – June 30, 2017)

Honorable Scott Bloomquist

Dr. Lori Fanello

Mrs. Allison Pierson

Mr. Scott Bloomquist

Dr. Linda Oshita

Office is located at:

300 Heart Blvd.
Loves Park, IL 61111-7516

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

FOR THE YEAR ENDED JUNE 30, 2016

Compliance Report - Summary

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

Auditor's Reports

The auditors' reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Audit Findings

Number of	This Audit	Prior Audit
Audit findings	5	4
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	4	0

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

Summary of Findings and Questioned Costs

Item No.	Page	Description	Finding Type
<i>Findings (Government Auditing Standards)</i>			
2016-001	14a	Delay of Audit	Noncompliance
2016-002	14c	Controls Over Fund Accounting	Material Weakness
2016-003	14e	Controls Over Timely Expenditure Report Submission	Material Weakness/ Noncompliance
2016-004	14g	Inadequate Internal Controls Over Payroll	Material Weakness
<i>Findings and Questioned Costs (Federal Compliance)</i>			
2016-003	15a	Controls Over Timely Expenditure Report Submission	Material Weakness/ Noncompliance
2016-004	15a	Inadequate Internal Controls Over Payroll	Material Weakness
2016-005	15b	Subrecipient Monitoring Documentation	Material Weakness/ Noncompliance
<i>Prior Findings Not Repeated (Government Auditing Standards)</i>			
2015-001	21	Controls over Financial Statement Preparation	Material Weakness
2015-002	21	Implementation of Internal Controls Over Payroll	Material Weakness
2015-003	21	Monitoring Capital Assets	Material Weakness
2015-004	21	Noncompliance with Grant Requirements	Noncompliance
<i>Prior Findings Not Repeated (Federal Compliance)</i>			
None			

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4
FOR THE YEAR ENDED JUNE 30, 2016

Compliance Report – Summary (Concluded)

Exit Conference

The Boone Winnebago Counties Regional Office of Education #4 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, numerous meetings were held between auditors and Regional Office of Education officials to discuss matters contained in this audit report. Responses to the recommendations were provided by Scott Bloomquist, on July 27, 2019.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

FOR THE YEAR ENDED JUNE 30, 2016

Financial Statement Report - Summary

The audit of the accompanying basic financial statements of Boone Winnebago Counties Regional Office of Education #4 was performed by Wipfli LLP.

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



Independent Auditors' Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Boone Winnebago Counties Regional Office of Education #4's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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, business-type activities, each major fund, and the aggregate remaining fund information of the Boone Winnebago Counties Regional Office of Education #4, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, and Other Post Employment Benefits – Health Insurance Plan for Retired Employees – Schedule of Funding Progress on pages 69 through 73 be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boone Winnebago Counties Regional Office of Education #4's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities and Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, budgetary comparison schedules, the combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 on our consideration of the Boone Winnebago Counties Regional Office of Education #4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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 Boone Winnebago Counties Regional Office of Education #4's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Dixon, Illinois
November 14, 2019



**Independent Auditors' Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone Winnebago Counties Regional Office of Education #4, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Boone Winnebago Counties Regional Office of Education #4's basic financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boone Winnebago Counties Regional Office of Education #4'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 Boone Winnebago Counties Regional Office of Education #4's internal control. Accordingly, we do not express an opinion on the effectiveness of Boone Winnebago Counties Regional Office of Education #4's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-003 and 2016-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boone Winnebago Counties Regional Office of Education #4'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-003.

Boone Winnebago Counties Regional Office of Education #4's Responses to Findings

Boone Winnebago Counties Regional Office of Education #4's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Boone Winnebago Counties Regional Office of Education #4's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boone Winnebago Counties Regional Office of Education #4'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 Boone Winnebago Counties Regional Office of Education #4's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Dixon, Illinois
November 14, 2019



**Independent Auditors' Report on Compliance for Each Major Federal Program
And Report on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Boone Winnebago Counties Regional Office of Education #4's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boone Winnebago Counties Regional Office of Education #4's major federal programs for the year ended June 30, 2016. The Boone Winnebago Counties Regional Office of Education #4's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Boone Winnebago Counties Regional Office of Education #4's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Boone Winnebago Counties Regional Office of Education #4's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Boone Winnebago Counties Regional Office of Education #4's compliance.

Opinion on Each Major Federal Program

In our opinion, the Boone Winnebago Counties Regional Office of Education #4 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003 and 2016-005. Our opinion on each major federal program is not modified with respect to this matter.

Boone Winnebago Counties Regional Office of Education #4's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Boone Winnebago Counties Regional Office of Education #4's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of Boone Winnebago Counties Regional Office of Education #4 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Boone Winnebago Counties Regional Office of Education #4's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boone Winnebago Counties Regional Office of Education #4's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004 and 2016-005 that we consider to be material weaknesses.

Boone Winnebago Counties Regional Office of Education #4's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Boone Winnebago Counties Regional Office of Education #4's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Dixon, Illinois
November 14, 2019

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I - SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

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(es) identified? X yes no
- Significant deficiency(ies) identified yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Award

Internal Control over major federal programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? X yes no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>System of Support Title I - School Improvement & Accountability</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-001 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education #4 (ROE) is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office of Education #4 did not provide completed financial statements in an auditable form by the August 31 deadline. Financial records provided were not prepared on an accrual basis in accordance with GAAP.

On numerous occasions over the past two and a half years, the Office of the Auditor General and Special Assistant Auditors communicated via conference calls and email the need for complete and balanced financial records in order to complete an audit. During this time frame, multiple versions of incomplete and unbalanced financial records were evaluated by Special Assistant Auditors.

Original fieldwork was set for December 2016, but the vast majority of the fieldwork was unable to be completed due to an incomplete and unbalanced general ledger.

Fieldwork was rescheduled for May 2017, January 2018, and June 2018. Completed and balanced financial records were still not available at these times.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-001 – Delay of Audit (Concluded)

January 2018, February 2018, and March 2018 deadlines were established for the ROE to have all financial records to the Special Assistant Auditors so a determination of auditability could be made. On those dates, interfund balances and the payroll clearing account were still not ready for audit.

As the result of a conference call with the ROE in which a solution to the continued delay in audit progress was discussed in March 2018, the ROE contacted a firm to prepare their financial records. It was agreed the completed financial statements would be provided to the auditors by April 30, 2018. This date was not met by the ROE and the June 2018 fieldwork date had to be rescheduled.

The majority of fieldwork took place in July 2018 and October 2018.

A final copy of the financial report which included updated pension information was submitted to the auditor on December 14, 2018.

Fieldwork was substantially completed in April 2019.

Effect:

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

Cause:

According to the Regional Office of Education #4's management due to internal personnel issues and software program changes, the office experienced difficulty in providing information by the required timeline.

Auditor's Recommendation:

The Regional Office of Education #4 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The Regional Office of Education #4 hired a Certified Public Accounting firm to prepare all financial statements for the audit.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-002– Controls Over Fund Accounting

Criteria/Specific Requirement:

Boone and Winnebago Counties Regional Office of Education #4 is required by the Illinois State Board of Education to maintain its accounting system in accordance with the Regional Office of Education Accounting Manual (Manual). The Manual requires the Regional Office of Education #4 to maintain an accounting system on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Condition:

The Regional Office of Education #4 did not ensure individual funds were self-balanced, opening fund balance amounts agreed to the prior period closing fund balance amounts, all balance sheet accounts were reconciled to supporting documentation, and all clearing accounts had a zero balance. Auditors specifically noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of cash, accounts receivable, due from other governments, interfund activity, accounts payable, accrued salaries and benefits, unavailable revenue and fund balance.
- Payroll transfers from the individual programs to the payroll clearing account were not monitored. Incorrect amounts and late payroll transfers were made into the payroll clearing account causing a large balance of cash to accumulate. These errors were not identified and corrected timely.
- Initially, the Regional Office did not make any effort to ensure their general ledger agreed to the audited financial statements for the year ended June 30, 2015, leading to issues with the opening balances for the year ended June 30, 2016.
- A TRS audit for the year of July 1, 2014 – June 30, 2015 disclosed TRS members had excess Teacher’s Retirement System withholdings of \$8,972. The Regional Office received the excess contributions from the State of Illinois on November 3, 2015 but has not yet reimbursed the individual members.

Auditors requested and subsequently received balanced trial balances and supporting schedules from the firm hired by the ROE to prepare its financial statements.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-002 – Controls Over Fund Accounting (Concluded)

Effect:

Trial Balance reports initially contained material errors. Lack of proper fund accounting may inhibit the Regional Office of Education #4 from tracking specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Also, the Regional Office of Education #4's management or employees, in the normal course of performing their assigned functions, did not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

According to the Regional Office of Education #4's management due to internal personnel issues and software program changes, the office experienced difficulty in providing information by the required timeline.

Recommendation:

The Regional Office of Education #4 should assign a member of management with suitable skills, knowledge, and experience to review its trial balance reports and supporting schedules at regular intervals throughout the year. The Regional Office of Education #4 should ensure individual funds are self-balanced, opening fund balance amounts agree to the prior period closing fund balance amounts, all balance sheet accounts are reconciled to supporting documentation, and all clearing accounts have a zero balance.

Management's Response:

The Regional Office of Education #4 hired a Certified Public Accounting firm to prepare all financial statements for the audit.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-003– Controls over Timely Expenditure Report Submission

Federal Program Name: System of Support – Title I - School Improvement and Accountability

Project No.: 2016-4331-SS

CFDA No.: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: US Department of Education

Criteria/Specific Requirement:

The Illinois Grant Funds Recovery Act (30 ILCS 705/4) requires State grant recipients with awards in excess of \$25,000 to submit quarterly expenditure reports to reflect the progress of the grant program. The Illinois State Board of Education (ISBE) requires all grant recipients, regardless of the amount awarded, to submit quarterly expenditure reports. The *State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures* of the ISBE Division of Funding and Disbursement Services requires expenditure reports to be filed within 20 calendar days of the end of each reporting quarter.

Condition:

The Regional Office’s internal controls over expenditure report submission were not effective. Numerous expenditure reports for Illinois State Board of Education grants were not submitted timely. Specifically, the following expenditure reports were not submitted timely:

Program Name	Quarter Ended	Submit Date	Days Late
System of Support Title I – School Improvement and Accountability (16-4331-SS)	06/30/16	07/21/16	1
Title II – Teacher Quality (16-4932-00)	06/30/16	08/01/16	12
Title II – Teacher Quality (16-4935-02)	06/30/16	08/02/16	13
Title II – Teacher Quality (16-4935-02)	08/31/16	09/23/16	3
Truants Alternative/Optional Ed. (16-3695-14)	06/30/16	07/21/16	1
Regional Safe Schools (16-3696-00)	06/30/16	07/21/16	1
Technology for Success (16-3780-00)	12/31/15	01/27/16	7
Technology for Success (16-3780-00)	06/30/16	08/01/16	12
Other State Programs (16-3999-RS)	06/30/16	07/21/16	1
Other State Programs (16-3999-RS)	08/31/16	10/03/16	13

Questioned Costs:

None

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-003– Controls over Timely Expenditure Report Submission (Concluded)

Context:

One quarterly System of Support Title I – School Improvement and Accountability expenditure report and 9 other expenditure reports were examined, noting that the expenditure reports were not submitted within 20 calendar days of the end of each quarter.

Effect:

Grant programs could be frozen by the ISBE and future payments could be delayed if reports are not submitted in a timely manner.

Cause:

According to the Regional Office of Education #4's management due to internal personnel issues and software program changes, the office experienced difficulty in providing information by the required timeline.

Auditor's Recommendation:

The Regional Office should take appropriate steps to ensure the expenditure reports are filed within the prescribed guidelines set forth by the ISBE.

Management's Response:

Personnel changes transpired, more training was provided to new staff, and the Regional Office of Education #4 began transitioning to a new finance program to expedite reporting.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding No. 2016-004 – Inadequate Internal Controls Over Payroll

Federal Program Name: System of Support – Title I - School Improvement and Accountability

Project No.: 2016-4331-SS

CFDA No.: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: US Department of Education

Criteria/Specific Requirement:

The Regional Office is responsible for establishing and maintaining an internal control system over the payroll process in order to prevent errors and/or fraud.

Condition:

During the course of the audit, auditors noted 7 of the 22 (32%) timesheets tested were not signed for approval by management. Also, in the same sample of timesheets tested, 5 of the 22 (23%) were not signed by the employee.

Questioned Costs:

Undeterminable

Context:

Total salaries for the Regional Office for fiscal year 2016 were \$278,584 for Title I – School Improvement and Accountability.

Effect:

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

Cause:

The Regional Office of Education #4 utilized a web based program for field service workers to submit timecards electronically. The director, at the time, did not submit complete records to the bookkeeper and only provided spreadsheets which were mass approved.

Auditor's Recommendation:

We recommend the Regional Office comply with its established system of internal controls to ensure timesheets are properly signed by the employee and approved by management before the payroll is run and posted to the general ledger.

Management's Response:

Beginning with the FY20 fiscal year, under new management, all employees will submit timecards signed by the employee and the supervisor/director to the bookkeeper.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings

Instances of Noncompliance:

Finding No. 2016-003 – Controls over Timely Expenditure Report Submission
(Finding details on pages 14e – 14f)

Significant Deficiencies:

None

Material Weaknesses:

Finding No. 2016-003 – Controls over Timely Expenditure Report Submission
(Finding details on pages 14e – 14f)

Finding No. 2016-004 – Inadequate Internal Controls over Payroll
(Finding details on page 14g)

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings

Finding No. 2016-005– Subrecipient Monitoring Documentation

Federal Program Name: System of Support – Title I - School Improvement and Accountability

Project No.: 2016-4331-SS

CFDA No.: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: US Department of Education

Criteria/Specific Requirement:

For fiscal year 2016, the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Boone/Winnebago Counties Regional Office of Education #4 (the Regional Office) that were issued on or after December 26, 2014. The Uniform Guidance (2 CFR 200.415(a)) requires the Regional Office to provide a specific certification to funding agencies on all annual and final fiscal reports or vouchers requesting payment, and conversely, requires the Regional Office to obtain such certification from its subrecipients.

The Uniform Guidance (2 CFR 200.331(a)) requires certain information be communicated to the recipients of the subaward, including the CFDA Number and Name.

The Uniform Guidance (2 CFR 200.331(b)) requires the Regional Office to evaluate each subrecipients risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Condition:

During our audit, the Regional Office was providing the required certification to the Illinois State Board of Education, the funding agency for the Title I School Improvement and Accountability Grant. However, the certifications were not obtained by the ROE from its subrecipients of this program.

Also, during our audit, the Regional Office was not providing all grant information required to the subrecipient. The required communication letter informing the subrecipients of their grant award did not include the CFDA number.

We also noted that although a Regional Office employee maintains an informal checklist for monitoring subrecipients of its Title I School Improvement and Accountability program, there are no formal documented procedures for monitoring subrecipients, including formal documentation of an assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings

Finding No. 2016-005 – Subrecipient Monitoring Documentation (Continued)

Questioned Costs:

None

Context:

The Regional Office passed through \$309,420 of federal funding to five different subrecipients of the Title I School Improvement and Accountability program.

Effect:

By not communicating the Grant CFDA number to subrecipients, the subrecipients did not have the proper information to properly report the Grant revenue. By not obtaining the required certification from subrecipients, and not performing a formal documented risk assessment of the subrecipients, the risk of expenditures being improper and not in accordance with the terms and conditions of the Federal award and approved budgets is increased.

Cause:

The Regional Office of Education was not aware of the Uniform Guidance (2 CFR 200.415(a)) requiring the Regional Office to provide a specific certification to funding agencies on all annual and final fiscal reports or vouchers requesting payment, and conversely, requires the Regional Office to obtain such certification from its subrecipients.

The Regional Office of Education was not aware of the Uniform Guidance (2 CFR 200.331(a)) requiring certain information be communicated to the recipients of the subaward, including the CFDA Number and Name. The Director of the program verbally communicated the information at a joint meeting and failed to send appropriate documentation to the subrecipients.

The Regional Office of Education was not aware of the Uniform Guidance (2 CFR 200.331(b)) requiring the Regional Office to evaluate each subrecipients risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Auditor's Recommendation:

We recommend the Regional Office create a standard form of communication ensuring that all required elements to be addressed with each individual subrecipient are included. We also recommend the Regional Office develop policies and procedures to ensure all annual and final fiscal reports or vouchers requesting payment received from subrecipients of federal awards include the certification required by 2 CFR 200.415(a). In addition, we also recommend the ROE formalizes, in writing, its subrecipient monitoring procedures, which would include a formal risk assessment of each subrecipient, as required and described in 2 CFR 200.331(b).

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings

Finding No. 2016-005 – Subrecipient Monitoring Documentation (Concluded)

Management’s Response:

If the Regional Office of Education #4 becomes fiscal agent for programs with subrecipients we will create a standard form of communication to ensure all required elements are addressed. Furthermore, we will obtain, in writing, confirmation of said communication as required. Internal policies and procedures will be developed for reporting and voucher requests. Current staff will receive training and guidance in compliance with items 2 CFR Part 200, 2 CFR 200.415(a), 2 CFR 200.331(a), and 2 CFR 200.331(b) for future grants. The ROE will formalize, in writing, our subrecipient monitoring procedures, which would include a formal risk assessment of each subrecipient, as required and described in 2 CFR 200.331(b). The auditor’s recommendations will be followed.

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

Finding No. 2016-001 – Delay of Audit

Condition:

The Regional Office of Education #4 did not provide completed financial statements in an auditable form by the August 31 deadline. Financial records provided were not prepared on an accrual basis in accordance with GAAP.

On numerous occasions over the past two and a half years, the Office of the Auditor General and Special Assistant Auditors communicated via conference calls and email the need for complete and balanced financial records in order to complete an audit. During this time frame, multiple versions of incomplete and unbalanced financial records were evaluated by Special Assistant Auditors.

Original fieldwork was set for December 2016, but the vast majority of the fieldwork was unable to be completed due to an incomplete and unbalanced general ledger.

Fieldwork was rescheduled for May 2017, January 2018, and June 2018. Completed and balanced financial records were still not available at these times.

January 2018, February 2018, and March 2018 deadlines were established for the ROE to have all financial records to the Special Assistant Auditors so a determination of auditability could be made. On those dates, interfund balances and the payroll clearing account were still not ready for audit.

As the result of a conference call with the ROE in which a solution to the continued delay in audit progress was discussed in March 2018, the ROE contacted a firm to prepare their financial records. It was agreed the completed financial statements would be provided to the auditors by April 30, 2018. This date was not met by the ROE and the June 2018 fieldwork date had to be rescheduled.

The majority of fieldwork took place in July 2018 and October 2018.

A final copy of the financial report which included updated pension information was submitted to the auditor on December 14, 2018.

Fieldwork was substantially completed in April 2019.

Plan:

The Regional Office of Education #4 hired a Certified Public Accounting firm to prepare all financial statements for the audit.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Contact Person:

Honorable Scott Bloomquist, Regional Superintendent of Schools

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

Finding No. 2016-002— Controls Over Fund Accounting

Condition:

The Regional Office of Education #4 did not ensure individual funds were self-balanced, opening fund balance amounts agreed to the prior period closing fund balance amounts, all balance sheet accounts were reconciled to supporting documentation, and all clearing accounts had a zero balance. Auditors specifically noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of cash, accounts receivable, due from other governments, interfund activity, accounts payable, accrued salaries and benefits, unavailable revenue and fund balance.
- Payroll transfers from the individual programs to the payroll clearing account were not monitored. Incorrect amounts and late payroll transfers were made into the payroll clearing account causing a large balance of cash to accumulate. These errors were not identified and corrected timely.
- Initially, the Regional Office did not make any effort to ensure their general ledger agreed to the audited financial statements for the year ended June 30, 2015, leading to issues with the opening balances for the year ended June 30, 2016.
- A TRS audit for the year of July 1, 2014 – June 30, 2015 disclosed TRS members had excess Teacher’s Retirement System withholdings of \$8,972. The Regional Office received the excess contributions from the State of Illinois on November 3, 2015 but has not yet reimbursed the individual members.

Auditors requested and subsequently received balanced trial balances and supporting schedules from the firm hired by the ROE to prepare its financial statements.

Plan:

The Regional Office of Education #4 hired a Certified Public Accounting firm to prepare all financial statements for the audit.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Contact Person:

Honorable Scott Bloomquist, Regional Superintendent of Schools

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

Finding No. 2016-003— Controls over Timely Expenditure Report Submission

Federal Program Name: System of Support – Title I - School Improvement and Accountability

Project No.: 2016-4331-SS

CFDA No.: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: US Department of Education

Condition:

The Regional Office’s internal controls over expenditure report submission were not effective. Numerous expenditure reports for Illinois State Board of Education grants were not submitted timely. Specifically, the following expenditure reports were not submitted timely:

Program Name	Quarter Ended	Submit Date	Days Late
System of Support Title I – School Improvement and Accountability (16-4331-SS)	06/30/16	07/21/16	1
Title II – Teacher Quality (16-4932-00)	06/30/16	08/01/16	12
Title II – Teacher Quality (16-4935-02)	06/30/16	08/02/16	13
Title II – Teacher Quality (16-4935-02)	08/31/16	09/23/16	3
Truants Alternative/Optional Ed. (16-3695-14)	06/30/16	07/21/16	1
Regional Safe Schools (16-3696-00)	06/30/16	07/21/16	1
Technology for Success (16-3780-00)	12/31/15	01/27/16	7
Technology for Success (16-3780-00)	06/30/16	08/01/16	12
Other State Programs (16-3999-RS)	06/30/16	07/21/16	1
Other State Programs (16-3999-RS)	08/31/16	10/03/16	13

Plan:

Personnel changes transpired, more training was provided to new staff, and the Regional Office of Education #4 began transitioning to a new finance program to expedite reporting.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Contact Person:

Honorable Scott Bloomquist, Regional Superintendent of Schools

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016

Finding No. 2016-004 – Inadequate Internal Controls Over Payroll

Federal Program Name: System of Support – Title I - School Improvement and Accountability

Project No.: 2016-4331-SS

CFDA No.: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: US Department of Education

Condition:

During the course of the audit, auditors noted 7 of the 22 (32%) timesheets tested were not signed for approval by management. Also, in the same sample of timesheets tested, 5 of the 22 (23%) were not signed by the employee.

Plan:

Beginning with the FY20 fiscal year, under new management, all employees will submit timecards signed by the employee and the supervisor/director to the bookkeeper.

Anticipated Date of Completion

July 1, 2019

Contact Person:

Honorable Scott Bloomquist, Regional Superintendent of Schools

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

Finding No. 2016-005— Subrecipient Monitoring Documentation

Federal Program Name: System of Support – Title I - School Improvement and Accountability

Project No.: 2016-4331-SS

CFDA No.: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: US Department of Education

Condition:

During our audit, the Regional Office was providing the required certification to the Illinois State Board of Education, the funding agency for the Title I School Improvement and Accountability Grant. However, the certifications were not obtained by the ROE from its subrecipients of this program.

Also, during our audit, the Regional Office was not providing all grant information required to the subrecipient. The required communication letter informing the subrecipients of their grant award did not include the CFDA number.

We also noted that although a Regional Office employee maintains an informal checklist for monitoring subrecipients of its Title I School Improvement and Accountability program, there are no formal documented procedures for monitoring subrecipients, including formal documentation of an assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

Plan:

If the Regional Office of Education #4 becomes fiscal agent for programs with subrecipients we will create a standard form of communication to ensure all required elements are addressed. Furthermore, we will obtain, in writing, confirmation of said communication as required. Internal policies and procedures will be developed for reporting and voucher requests. Current staff will receive training and guidance in compliance with items 2 CFR Part 200, 2 CFR 200.415(a), 2 CFR 200.331(a), and 2 CFR 200.331(b) for future grants. The ROE will formalize, in writing, our subrecipient monitoring procedures, which would include a formal risk assessment of each subrecipient, as required and described in 2 CFR 200.331(b). The auditor's recommendations will be followed.

Anticipated Date of Completion:

Immediately upon learning of oversight.

Contact Person:

Honorable Scott Bloomquist, Regional Superintendent of Schools

BOONE WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION #4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

YEAR ENDED JUNE 30, 2016

2015-001	Controls over Financial Statement Preparation	Not repeated
	During the current audit year, an outside accounting firm was hired to prepare the financial statements.	
2015-002	Implementation of Internal Controls Over Payroll	Not repeated
	During the current audit, audit testing results indicated the Regional Office ensured all employment contracts were signed by a member of management.	
2015-003	Monitoring Capital Assets	Not repeated
	During the current audit, audit testing results indicated all current year capital assets were included on the asset schedule.	
2015-004	Noncompliance with Grant Requirements	Not repeated
	During the current audit, audit testing results indicated payroll accruals were not reported on the grant expenditure report.	

BASIC FINANCIAL STATEMENTS

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,287,280	\$ 650,046	\$ 2,937,326
Due from (to) other funds	(1,006,201)	1,006,201	-
Due from other governments	714,026	4,000	718,026
Prepaid Expenses	52,505	-	52,505
Total current assets	<u>2,047,610</u>	<u>1,660,247</u>	<u>3,707,857</u>
Noncurrent assets:			
Capital assets, net	<u>229,189</u>	<u>4,255</u>	<u>233,444</u>
TOTAL ASSETS	<u>2,276,799</u>	<u>1,664,502</u>	<u>3,941,301</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>552,149</u>	<u>-</u>	<u>552,149</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	312,138	894	313,032
Due to other governments	64,596	-	64,596
Current portion of long-term liability	11,000	-	11,000
Unearned revenue	246,710	-	246,710
Total current liabilities	<u>634,444</u>	<u>894</u>	<u>635,338</u>
Noncurrent liabilities:			
Compensated absences	3,839	-	3,839
Long-term liability	17,400	-	17,400
Net pension liability	1,082,754	-	1,082,754
Total noncurrent liabilities	<u>1,103,993</u>	<u>-</u>	<u>1,103,993</u>
TOTAL LIABILITIES	<u>1,738,437</u>	<u>894</u>	<u>1,739,331</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,037,468</u>	<u>-</u>	<u>1,037,468</u>
NET POSITION			
Net investment in capital assets	200,789	4,255	205,044
Restricted for educational purposes	351,624	-	351,624
Unrestricted	<u>(499,370)</u>	<u>1,659,353</u>	<u>1,159,983</u>
TOTAL NET POSITION	<u>\$ 53,043</u>	<u>\$ 1,663,608</u>	<u>\$ 1,716,651</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT B

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries and benefits	\$ 3,265,745	\$ -	\$ 1,361,047	\$ (1,904,698)	\$ -	\$ (1,904,698)
Pension expense (benefit)	(28,282)	-	-	28,282	-	28,282
Purchased services	934,490	-	392,146	(542,344)	-	(542,344)
Supplies and materials	250,150	-	104,376	(145,774)	-	(145,774)
Miscellaneous	6,687	-	2,790	(3,897)	-	(3,897)
Payments to other governments	311,905	-	130,144	(181,761)	-	(181,761)
Depreciation	45,557	-	-	(45,557)	-	(45,557)
Administrative						
On-behalf payments - State	1,364,351	-	-	(1,364,351)	-	(1,364,351)
On-behalf payments - local	414,338	-	-	(414,338)	-	(414,338)
Total governmental activities	6,564,941	-	1,990,503	(4,574,438)	-	(4,574,438)
Business-type activities:						
Professional development	142,088	238,091	-	-	96,003	96,003
Total business-type activities	142,088	238,091	-	-	96,003	96,003
Total primary government	\$ 6,707,029	\$ 238,091	\$ 1,990,503	(4,574,438)	96,003	(4,478,435)
General revenues:						
Local sources				1,250,915	-	1,250,915
State sources				1,903,677	-	1,903,677
Interest income				5,362	1,144	6,506
On-behalf payments - State				1,364,351	-	1,364,351
On-behalf payments - local				414,338	-	414,338
Transfers in (out)				(9,818)	9,818	-
Total general revenues and transfers				4,928,825	10,962	4,939,787
Change in net position				354,387	106,965	461,352
Net position - beginning, restated (see Note 14)				(301,344)	1,556,643	1,255,299
Net position - ending				\$ 53,043	\$ 1,663,608	\$ 1,716,651

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,408,766	\$ 534,907	\$ 343,607	\$ -	\$ 2,287,280
Due from other funds	496,592	611	-	-	497,203
Due from other governments	154,116	551,038	8,872	-	714,026
Prepaid expenses	52,505	-	-	-	52,505
TOTAL ASSETS	<u>\$ 2,111,979</u>	<u>\$ 1,086,556</u>	<u>\$ 352,479</u>	<u>\$ -</u>	<u>\$ 3,551,014</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 156,532	\$ 154,751	\$ 855	\$ -	\$ 312,138
Due to other funds	856,201	647,203	-	-	1,503,404
Due to other governments	26,704	37,892	-	-	64,596
Unearned revenue	-	246,710	-	-	246,710
Total liabilities	<u>1,039,437</u>	<u>1,086,556</u>	<u>855</u>	<u>-</u>	<u>2,126,848</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>344</u>	<u>340,653</u>	<u>178</u>	<u>-</u>	<u>341,175</u>
FUND BALANCES (DEFICIT)					
Nonspendable	52,505	-	-	-	52,505
Restricted	-	-	351,446	-	351,446
Assigned	929,889	-	-	-	929,889
Unassigned	89,804	(340,653)	-	-	(250,849)
Total fund balances (deficit)	<u>1,072,198</u>	<u>(340,653)</u>	<u>351,446</u>	<u>-</u>	<u>1,082,991</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,111,979</u>	<u>\$ 1,086,556</u>	<u>\$ 352,479</u>	<u>\$ -</u>	<u>\$ 3,551,014</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT D

Total fund balances - governmental funds	\$	1,082,991
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		229,189
Some revenues will not be collected for several months after the ROE No. 4 fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		341,175
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:		
Deferred outflows of resources - pension	\$ 552,149	
Deferred inflows of resources - pension	<u>(1,037,468)</u>	(485,319)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
Long-term debt		(28,400)
Compensated absences		(3,839)
IMRF net pension liability		(154,543)
TRS net pension liability		<u>(928,211)</u>
Net position of governmental activities	\$	<u><u>53,043</u></u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT E

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Federal sources	\$ 90,581	\$ 1,040,621	\$ -	\$ 1,131,202
State sources	1,903,677	519,603	2,020	2,425,300
Local sources	837,820	220,959	192,136	1,250,915
On-behalf payments - State	294,712	-	-	294,712
On-behalf payments - local	414,338	-	-	414,338
Total revenues	<u>3,541,128</u>	<u>1,781,183</u>	<u>194,156</u>	<u>5,516,467</u>
EXPENDITURES				
Instructional services				
Salaries and benefits	2,166,936	1,060,063	34,907	3,261,906
Pension expense	42,005	85,620	-	127,625
Purchased services	235,466	704,253	105	939,824
Supplies and materials	188,129	13,398	48,623	250,150
Payments to other governments	-	311,905	-	311,905
Miscellaneous	517	184	5,986	6,687
On-behalf payments - State	294,712	-	-	294,712
On-behalf payments - local	414,338	-	-	414,338
Capital expenditures	10,019	10,561	1,002	21,582
Total expenditures	<u>3,352,122</u>	<u>2,185,984</u>	<u>90,623</u>	<u>5,628,729</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	189,006	(404,801)	103,533	(112,262)
OTHER FINANCING SOURCES				
Interest income	4,490	621	251	5,362
Transfers in (out)	(71,895)	62,077	-	(9,818)
Total other financing sources (uses)	<u>(67,405)</u>	<u>62,698</u>	<u>251</u>	<u>(4,456)</u>
NET CHANGE IN FUND BALANCES	121,601	(342,103)	103,784	(116,718)
FUND BALANCES, BEGINNING OF YEAR	<u>950,597</u>	<u>1,450</u>	<u>247,662</u>	<u>1,199,709</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 1,072,198</u>	<u>\$ (340,653)</u>	<u>\$ 351,446</u>	<u>\$ 1,082,991</u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT F

Net change in fund balances \$ (116,718)

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

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

Capital outlay	\$ 21,582	
Depreciation expense	<u>(45,557)</u>	(23,975)

Governmental funds only report the proceeds from asset disposals as revenues when received, whereas the Statement of Activities will reduce the proceeds by the book value of the assets disposed exceeding the proceeds.

(5,666)

Revenues reported in the Statement of Activities in the prior year that did not provide current financial resources and is now reported as revenues in the governmental funds.

(3,497)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

341,175

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

Compensated absences		(3,839)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.

Pension contribution	127,625	
Cost of benefits earned, net	<u>28,282</u>	155,907

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction has no effect on net position.

11,000

Change in net position of governmental activities \$ 354,387

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016**

EXHIBIT G

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Fund - Fingerprinting	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 618,282	\$ 31,764	\$ 650,046
Due from other funds	1,060,090	-	1,060,090
Due from other governments	4,000	-	4,000
Total current assets	<u>1,682,372</u>	<u>31,764</u>	<u>1,714,136</u>
Noncurrent assets:			
Capital assets, net	<u>4,255</u>	<u>-</u>	<u>4,255</u>
TOTAL ASSETS	<u>1,686,627</u>	<u>31,764</u>	<u>1,718,391</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	894	-	894
Due to other funds	<u>53,889</u>	<u>-</u>	<u>53,889</u>
Total current liabilities	<u>54,783</u>	<u>-</u>	<u>54,783</u>
NET POSITION			
Net investment in capital assets	4,255	-	4,255
Unrestricted	<u>1,627,589</u>	<u>31,764</u>	<u>1,659,353</u>
TOTAL NET POSITION	<u>\$ 1,631,844</u>	<u>\$ 31,764</u>	<u>\$ 1,663,608</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4 EXHIBIT H
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Fund - Fingerprinting	Total
OPERATING REVENUES			
Charges for services	\$ 213,455	\$ 24,636	\$ 238,091
OPERATING EXPENSES			
Salaries and benefits	18,056	18,794	36,850
Purchased services	94,835	-	94,835
Supplies and materials	4,842	3,929	8,771
Miscellaneous	-	288	288
Depreciation	1,344	-	1,344
Total operating expenses	<u>119,077</u>	<u>23,011</u>	<u>142,088</u>
OPERATING INCOME	94,378	1,625	96,003
NONOPERATING INCOME			
Interest income	1,089	55	1,144
Transfers in (net)	9,818	-	9,818
Total nonoperating income	<u>10,907</u>	<u>55</u>	<u>10,962</u>
CHANGE IN NET POSITION	105,285	1,680	106,965
NET POSITION, BEGINNING OF YEAR	<u>1,526,559</u>	<u>30,084</u>	<u>1,556,643</u>
NET POSITION, END OF YEAR	<u>\$ 1,631,844</u>	<u>\$ 31,764</u>	<u>\$ 1,663,608</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT I

	Business-Type Activities - Enterprise Funds		
	Local Workshops	Nonmajor Enterprise Fund - Fingerprinting	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops and services	\$ 209,455	\$ 24,876	\$ 234,331
Payments to suppliers and providers of goods and services	(103,849)	(4,217)	(108,066)
Payments to employees	(18,056)	(20,194)	(38,250)
Net cash provided by operating activities	<u>87,550</u>	<u>465</u>	<u>88,015</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash transfers from other funds	9,818	-	9,818
Payments for interfund borrowing, net	(632,694)	-	(632,694)
Cash used in noncapital financing activities	<u>(622,876)</u>	<u>-</u>	<u>(622,876)</u>
CASH FLOWS FROM INVESTING ACTIVITY:			
Interest income	1,089	55	1,144
Cash provided by investing activity	<u>1,089</u>	<u>55</u>	<u>1,144</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(534,237)	520	(533,717)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,152,519</u>	<u>31,244</u>	<u>1,183,763</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 618,282</u>	<u>\$ 31,764</u>	<u>\$ 650,046</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 94,378	\$ 1,625	\$ 96,003
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,344	-	1,344
Effects of changes in assets and liabilities:			
Accounts receivable	-	240	240
Due from other government	(4,000)	-	(4,000)
Accounts payable and accrued expenses	(4,172)	(1,400)	(5,572)
Net cash provided by operating activities	<u>\$ 87,550</u>	<u>\$ 465</u>	<u>\$ 88,015</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

EXHIBIT J

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 710,811
Due from other governments	803,301
Prepaid expenses	<u>20,000</u>
TOTAL ASSETS	<u><u>\$ 1,534,112</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 145,652
Due to other governments	<u>1,388,460</u>
TOTAL LIABILITIES	<u><u>\$ 1,534,112</u></u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Boone/Winnebago Counties Regional Office of Education No. 4 (ROE No. 4) operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). This encompasses Boone and Winnebago Counties, Illinois. The Regional Superintendent serves as chief administrative officer of the ROE No. 4 and is elected to the position for a four-year term pursuant to Article 3 of 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 teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and to 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 ROE No. 4's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

B. Scope of the Reporting Entity

The ROE No. 4's reporting entity includes all related organizations for which it exercises oversight responsibility.

The ROE No. 4 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE No. 4 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, other than the two agreements detailed below, 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 ROE No. 4 does not control the assets, operations, or management of the districts or joint agreements. In addition, the ROE No. 4 is not aware of any entity that would exercise such oversight as to result in the ROE No. 4 being considered a component unit of the entity.

On July 1, 1995, the ROE No. 4 entered into an intergovernmental agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110. The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery Systems (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone/Winnebago, DeKalb, and McHenry. The ROE No. 4 was designated as the administrative agent and has reported the activity of this agreement in their financial statements as a blended component unit.

On July 1, 1999, the ROE No. 4 entered into an intergovernmental agreement with several participating school districts of the region pursuant to the provisions of Intergovernmental Cooperation Clause of the Illinois Constitution and the provisions of the Intergovernmental Cooperation Act of 1973 to form an alternative school known as the Boone-Winnebago Regional Alternative School. Membership in the Regional Alternative School is extended to all public school districts in the region, and any school district desiring to participate may petition the Regional Alternative School Board to join. Membership is on a year-to-year basis. The Regional Alternative School Board is composed of the superintendent of each participating district and the Regional Superintendent of Schools. The Regional Superintendent was designated as the administrative, legal, and fiscal agent of the Regional Alternative School, and the Regional Office has reported the activity of this agreement in their financial statements as a blended component unit.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

C. 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 ROE No. 4 activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The ROE No. 4 has two business-type activities that rely on fees and charges for support.

The ROE No. 4'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 ROE No. 4 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. All of the ROE No. 4'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.

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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

however, transactions between governmental and business-type activities have not been eliminated.

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

D. Proprietary Fund Financial Statements

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

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

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

E. Governmental Fund Financial Statements

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

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

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

income determination. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the ROE No. 4; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the ROE No. 4 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the ROE No. 4’s policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

F. Fund Accounting

The ROE No. 4 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 ROE No. 4 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

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

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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 ROE No. 4 has presented all major funds that met the above qualifications.

The Regional Office of Education #4 reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the ROE No. 4. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for in other funds. General Funds include the following:

Audiovisual Co-op - This fund accounts for monies received and disbursed by the Regional Superintendent as administrative agent for the Boone/Winnebago Audiovisual Co-op.

Credit Recovery - This fund accounts for monies received for and in payment of expenditures in connection with a program that allows students who have previously failed classes an opportunity to capture credits toward graduation.

Educational Service Center No. 1 - This fund accounts for resources used to support the activities of the Educational Service Center No. 1.

General Operations - This fund accounts for monies received for and in payment of expenditures in connection with general administrative activities.

Payroll - This fund accounts for all payroll costs incurred by the ROE No. 4. Any fund that has payroll remits the money to the Payroll Fund as administering agent, which then disburses payments to employees, vendors, and payroll taxing authorities.

Regional Alternative School - General State Aid (GSA) - This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Regional Learning Center - GSA - This program accounts for grant monies received for and in payment of expenditures for the general operations of the Regional Learning Center.

Standards Aligned Classroom - This program accounts for monies received for and in payment of expenditures for teams that develop curricula aligned with the Illinois Academic Standards.

STAR-FIT - this program accounts for monies received for, and in payment of expenditures related to providing expelled or suspended students at Rockford Public School with alternative intervention program including Fitness program aligned with core content classes.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

McKinney-Vento Homeless Children and Youth - This program accounts for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Preschool-aged children also receive services to ensure access to early childhood and preschool programs.

Principal Mentoring - This program accounts for monies received from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the region receives a high-quality mentoring experience from trained mentors.

Regional Safe Schools - This program accounts for grant monies received for and in payment of expenditures for activities for disruptive students who are eligible for suspension or expulsion.

ROE/ISC Operations - This fund accounts for grant monies received for and in payment of expenditures for assisting schools in all areas of school improvement.

Raising Student Achievement Conference - This fund was established to account for revenues received and expenses incurred in offering professional development in targeted curricular areas that focuses on improving classroom teaching practices in order to raise student achievement.

Social Studies and Fine Arts - This program accounts for monies received for and in payment of expenditures incurred for two task forces to review and develop new social studies and fine arts education standards and to make recommendations to the Illinois State Board of Education regarding their adoption and implementation.

Technology for Success - This program accounts for monies received for and in payment of expenditures incurred to create and support ongoing learning team focused on alignment of classroom-level assessment and instruction.

Title I - School Improvement & Accountability - The Illinois State Board of Education (ISBE) Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The ROE No. 4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Title II - Teacher Quality - Leadership - This program accounts for grant monies received for and in payment of expenditures to provide online training that is required by the Illinois Performance Evaluation Reform Act to train education administrators to evaluate other administrators and teachers. The program is designed to increase the number of highly qualified administrators and teachers, leading to increased student academic achievement.

Title II - Teacher Quality - This program accounts for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

Truants Alternative - This program accounts for grant monies received for and in payment of expenditures for optional education opportunities to school dropouts, potential dropouts, and truants of the region.

Pilot Regional Safe School Cooperative Education Program - This program accounts 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.

Individualized Education Programs (IEP) - This program accounts for grant monies received for, and payment of expenditures related to facilitation services focused on developing mutually acceptable IEP for children with known or suspected disabilities.

Nonmajor Special Revenue Funds

General Education Development (GED) - Illinois law requires the Regional Superintendent of Schools of each county or counties to administer the GED test. Testing fees are used for test administration, testing materials, and diplomas on successful completion of the test.

Bus Driver Training - Experienced bus drivers must take a two-hour instructional refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the ROE No. 4.

Supervisory - This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

Testing Center - This fund is used to account for activity provided from the new testing center operated by the ROE No. 4.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Richard Fairgrievies Scholarship Fund - This fund is used to track the activity of the scholarship fund that was established by family and friends of Dr. Fairgrievies.

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

Proprietary Funds

Proprietary Funds - Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The ROE No. 4 reports the following enterprise funds:

Local Workshops - This enterprise fund tracks revenues received and expenses incurred in offering professional development workshops for teachers and administrators and other services for the school districts in Boone and Winnebago Counties.

Nonmajor Enterprise Fund - Nonmajor enterprise fund consists of:

Fingerprinting - This enterprise fund accounts for the activity to provide fingerprinting services for background checks for school district personnel.

Fiduciary Funds

Agency Funds - Agency funds are used to account for assets held by the ROE No. 4 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE No. 4 reports the following agency funds:

Career Education Associates of North Central Illinois (CEANCI) - This fund accounts for the assets held by the ROE No. 4 for the benefit of CEANCI, an intergovernmental agreement between the Belvidere, Byron, Harlem, Hononegah, North Boone, Oregon, Rockford, South Beloit, Stillman Valley, and Winnebago school districts for the purpose of directing the region's career and technical education programs. The policy-making CEANCI Board of Governors is composed of the school district superintendents. The ROE No. 4 serves as the administrative agent.

Boone County School Facility Occupation Tax - This fund accounts for the School Facility Occupation Tax receipts and distributions to the Boone County school districts. This tax is collected by the State on behalf of Boone County and remitted to the ROE No. 4 for distribution to the Boone County school districts.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

G. Governmental Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance - The portion of a governmental fund's net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Learning Center - GSA program has a nonspendable fund balance made up of prepaid expenditures.

Restricted Fund Balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements, contracts or donors: Individualized Education Programs and Richard Fairgrievies Scholarship Fund. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, Supervisory, Testing Center, and Institute.

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The ROE No. 4 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Audiovisual Co-op, Educational Service Center No. 1, Regional Alternative School - GSA, and Regional Learning Center - GSA.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes. The unassigned fund balance is made up of the Credit Recovery, General Operations, STAR-FIT, Regional Safe Schools, ROE/ISC Operations, Technology for Success, Title I - School Improvement & Accountability and Pilot Regional Safe School Cooperative Education Program.

H. Net Position

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

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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.

I. Cash and Cash Equivalents

The ROE No. 4's cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

J. 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.

K. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 (\$5,000 in fiscal year 2012 and earlier) or more and estimated useful lives of greater than five years 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 is expensed as incurred.

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

Equipment and furniture	5-10 years
Computer equipment	5-10 years
Leasehold improvements	15 years

L. Deferred Outflows of Resources and Deferred Inflows of Resources

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

M. Compensated Absences

Beginning with the date of employment and at the anniversary of the date of employment, full time (12 month) support personnel shall have ten days paid vacation per employment year. Part time employees who are employed 12 months (52 weeks) on a specific part time schedule amounting to a minimum of 50% of the total yearly hours shall be eligible for a vacation allowance on a prorated basis. Grant employees who work 12 calendar months can earn up to 25 vacation days for a full year of service. In no case, shall more than one year's accumulated vacation be carried over the next fiscal year. Any accruals as of June 30th are reported as a liability for compensated absences in the basic financial statements. For the year ended June 30, 2016, the balance in this account was \$3,839.

Employees receive up to 10 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 (however, the balance is applied to service time for retirement plan purposes).

N. Budget Information

Overall budgeting is not a legal requirement for the ROE No. 4. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included for certain programs in the financial statements.

The ROE No. 4 is the recipient of grants from Illinois State Board of Education for which comparison of budget and actual results are required. The comparison of budgeted and actual results for the following programs are reported as supplementary information:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Special Revenue Funds:

- Education Fund:
 - McKinney - Vento Homeless Children and Youth
 - Regional Safe Schools
 - ROE/ISC Operations
 - Technology for Success
 - Title I - School Improvement & Accountability
 - Title II - Teacher Quality - Leadership
 - Title II - Teacher Quality
 - Truants Alternative

O. New Accounting Pronouncements

The ROE No. 4 adopted the provisions of GASB Statements No. 72, *Fair Value Measurement and Application* and No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* during the fiscal year ended June 30, 2016. GASB Statement No. 72 requires the ROE No. 4 to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. GASB Statement No. 76 requires the ROE No. 4 to identify the hierarchy of generally accepted accounting principles (GAAP). The Statement reduces the GAAP hierarchy to two categories of authoritative GAAP. The impact of adoption of these statements has been deemed to be minimal to the reporting of the ROE No. 4. In addition, the ROE No. 4 will be required to implement GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 77, *Tax Abatement Disclosures*, in Fiscal Year 2017, and Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, No. 81, *Irrevocable Split-Interest Agreements*, No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, and No. 83, *Certain Asset Retirement Obligations* in Fiscal Year 2018. The ROE No. 4 has not yet evaluated the impact of adopting future pronouncements on its financial statements.

NOTE 2 - CASH AND INVESTMENTS

The ROE No. 4 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the ROE No. 4 to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the ROE No. 4 and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Deposits

At June 30, 2016, the carrying amounts of the ROE No. 4's government-wide fund and agency fund deposits were \$2,937,326 and \$710,811, respectively, and the bank balances were \$3,039,680, and \$723,461, respectively. Of the total bank balances as of June 30, 2016, \$250,000 was secured by federal depository insurance, \$3,341,749 was fully collateralized, and \$171,392 was invested in the Illinois Funds Money Market Fund.

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE No. 4's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the ROE No. 4's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the ROE No. 4.

Investments

The ROE No. 4 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the ROE No. 4's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. 80a-1 et seq. As of June 30, 2016, the ROE No. 4 had investments with carrying and fair values of \$171,392 invested in the Illinois Funds Money Market Fund.

Credit Risk

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Concentration of Credit Risk

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

Interest Rate Risk

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

NOTE 3 - DUE FROM (TO) OTHER GOVERNMENTS

The ROE No. 4's General Fund, Special Revenue Fund, Proprietary Fund, Agency Fund and various grant programs have funds due from and due to various governmental units which consists of the following:

Due from Other Governmental Agencies:	
Illinois State Board of Education	\$ 418,750
Local school districts	370,840
Others	731,737
Total	\$ 1,521,327
Due to Other Governmental Agencies:	
Illinois State Board of Education	\$ 37,892
Local School Districts	1,388,460
Others	26,704
Total	\$ 1,453,056

NOTE 4 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2016, consist of the following individual due to/from other funds in the Governmental Fund Balance Sheet and the Proprietary Funds Statement of Net Position. The balances between governmental funds, but not those between governmental and proprietary funds, were eliminated in the government-wide Statement of Net Position.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Fund	Due from other funds	Due to other funds
General Fund - Credit Recovery	\$ -	\$ 1,028
General Fund - General Operations	8,479	10,697
General Fund - Payroll	72,801	418,123
General Fund - Regional Alternative School - GSA	-	34,507
General Fund - Regional Learning Center - GSA	415,312	293,315
General Fund - STAR-FIT	-	98,531
Education Fund - McKinney - Vento Homeless Children and Youth	-	15,000
Education Fund - Regional Safe Schools	-	21,703
Education Fund - ROE/ISC Operations	500	204,549
Education Fund - Raising Student Achievement Conference	111	-
Education Fund - Technology for Success	-	66,216
Education Fund - Title I - School Improvement and Accountability	-	339,177
Education Fund - Title II - Teacher Quality - Leadership	-	500
Education Fund - Pilot Regional Safe School Cooperative Education Program	-	58
Proprietary Fund - Local Workshops	1,060,090	53,889
Total	<u>\$ 1,557,293</u>	<u>\$ 1,557,293</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2016, consist of the following individual transfers in/out to other funds in the governmental fund 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, but not those between governmental and proprietary funds, were eliminated in the government-wide Statement of Activities.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Fund	Transfer-in	Transfer-out
General Fund - Regional Learning Center - GSA	\$ 3,466	\$ 46,392
General Fund - Standards Aligned Classroom	-	28,969
Education Fund - McKinney - Vento Homeless Children and Youth	975	-
Education Fund - Principal Mentoring	-	6,354
Education Fund - Regional Safe Schools	24,962	-
Education Fund - Social Studies and Fine Arts	1,407	-
Education Fund - Technology for Success	-	3,466
Education Fund - Truants Alternative	20,455	-
Education Fund – Title I – School Improvement & Accountability	24,098	-
Proprietary Fund - Local Workshops	33,916	24,098
Total	<u>\$ 109,279</u>	<u>\$ 109,279</u>

In FY 2016, the ROE No. 4 made an interfund transfer to move a portion of unrestricted funds to finance various operating expenditures accounted for in another fund.

NOTE 5 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the ROE No. 4 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements when paid. Purchases of capital assets by business-type activities are capitalized when purchased. As discussed in Note 6, the ROE No. 4 acquired a leasehold improvement asset with a cost of \$55,000 in FY 2014, of which \$28,400 is being financed by a shared-cost agreement that is recognized as a liability in the government-wide statements, \$15,600 was recognized as capital outlay in the governmental funds in prior years, and \$11,000 was recognized as capital outlay in the governmental funds in the current year. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2016:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2016</u>
GOVERNMENTAL FUNDS				
Computers and equipment	\$ 458,648	\$ 21,582	\$ (7,452)	\$ 472,778
Leasehold improvements	55,000	-	-	55,000
Total	<u>513,648</u>	<u>21,582</u>	<u>(7,452)</u>	<u>527,778</u>
Less: Accumulated depreciation	<u>(254,818)</u>	<u>(45,557)</u>	<u>1,786</u>	<u>(298,589)</u>
Capital assets, net	<u>258,830</u>	<u>(23,975)</u>	<u>(5,666)</u>	<u>229,189</u>
PROPRIETARY FUNDS				
Computers and equipment	12,018	-	-	12,018
Less: Accumulated depreciation	<u>(6,419)</u>	<u>(1,344)</u>	<u>-</u>	<u>(7,763)</u>
Capital assets, net	<u>\$ 5,599</u>	<u>\$ (1,344)</u>	<u>\$ -</u>	<u>\$ 4,255</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2016, of \$45,557 and \$1,344 was charged to the governmental activities instructional services function and business-type activities, respectively, on the government-wide Statement of Activities. Net investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

NOTE 6 - LONG-TERM LIABILITIES

In 2013, the ROE No. 4 entered into a shared-cost agreement with the Rockford Board of Education School District No. 205 in connection with a building that the Rockford School District leases to the ROE No. 4. Under this agreement, the Rockford School District and the ROE No. 4 will share the cost of a building improvement, and the ROE No. 4 will pay its share of the cost of the improvement over a five-year period. The ROE No. 4's share of the cost of the leasehold improvement is \$55,000. The ROE No. 4 has recognized this leasehold improvement as a capital asset in the government-wide statements and has recognized \$17,400 of the \$28,400 unpaid portion of the cost as a long-term liability and \$11,000 as a current liability on the government-wide statements. Changes in the ROE No. 4's long-term liability for the year ended June 30, 2016, are as follows:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Governmental Activities</u>				
Shared-cost agreement	\$ 39,400	\$ -	\$ 11,000	\$ 28,400
Less: Current portion				<u>(11,000)</u>
Noncurrent portion				<u>\$ 17,400</u>

Maturities of long-term liabilities at June 30, 2016, are as follows:

2017	\$ 11,000
2018	11,000
2019	<u>6,400</u>
	<u>\$ 28,400</u>

NOTE 7 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the ROE No. 4:

Regional Superintendent salary	\$ 112,008
Regional Superintendent fringe benefits (includes State paid insurance)	29,796
Assistant Regional Superintendents salary	100,812
Assistant Regional Superintendent fringe benefits (includes State paid insurance)	29,122
Teacher's Health Insurance Security Contributions	<u>22,974</u>
Total	<u>\$ 294,712</u>

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

ROE No. 4 also recorded \$1,069,639 in revenue and expenses as on-behalf payments from ISBE for the ROE No. 4's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the ROE No. 4 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

State of Illinois on-behalf payments	\$	294,712
ROE No. 4's share of TRS pension expense		1,069,639
 Total	 \$	 1,364,351

Boone and Winnebago Counties provide the ROE No. 4 with staff and pay certain expenditures on behalf of the ROE No. 4. The expenditures paid on the ROE No. 4's behalf for the year ended June 30, 2016, were as follows:

Boone County		
Administrative support	\$	82,649
IMRF/FICA		8,314
Worker's compensation		1,200
Total		92,163
 Winnebago County		
Salaries and benefits		218,556
Purchased services and supplies		103,619
Total		322,175
Total Local On-behalf Payments	\$	414,338

These amounts have been recorded in the accompanying governmental fund financial statements as local revenue and expenditures.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

IMRF Plan Description

The ROE No.4's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The ROE No. 4's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	43
Inactive Plan Member entitled to but not yet receiving benefits	26
Active Plan Members	24
Total	93

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Contributions

As set by statute, the ROE No. 4's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE No. 4's annual contribution rate for calendar year 2015 was 10.94%. For the fiscal year ended 2016, the ROE No. 4 contributed \$65,098 to the plan. The ROE No. 4 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 ROE No. 4's net pension liability was measured as of December 31, 2015. 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, 2015:

- 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 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation according to an experience study of the period 2011 to 2013.
- The IMRF specific rates for **Mortality** (non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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 2014). 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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2015:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

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 3.57%, and the resulting single discount rate is 7.50%.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Balances as of December 31, 2014	\$ 3,486,039	\$ 3,529,196	\$ (43,157)
Changes for the year:			
Service cost	59,090	–	59,090
Interest on the total pension liability	256,542	–	256,542
Changes of benefit terms	–	–	–
Differences between expected and actual experience of the total pension liability	15,473	–	15,473
Changes of assumptions	–	–	–
Contributions - employer	–	61,145	(61,145)
Contributions - employees	–	26,285	(26,285)
Net investment income	–	53,504	(53,504)
Benefit payment, including refunds of employee contributions	(200,456)	(200,456)	–
Other (net transfer)	–	(7,529)	7,529
Net Changes	130,649	(67,051)	197,700
Balances as of December 31, 2015	<u>\$ 3,616,688</u>	<u>\$ 3,462,145</u>	<u>\$ 154,543</u>

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability (Asset)	\$ 555,224	\$ 154,543	\$ (173,769)

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

For the year ended June 30, 2016, the ROE No. 4 recognized pension expense of \$158,320. At June 30, 2016, the ROE No. 4 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Difference between expected and actual experience	\$ 7,772	\$ –
Changes in assumptions	–	–
Net difference between projected and actual earnings on pension plan investments	166,054	1,702
Total deferred amounts to be recognized in pension expense in future periods	173,826	1,702
Pension contributions made subsequent to the measurement date	34,484	–
Total deferred amounts related to pension	\$ 208,310	\$ 1,702

\$34,484 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. 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 Outflows of Resources
2016	\$ 48,646
2017	41,016
2018	40,947
2019	41,515
Thereafter	–
Total	\$ 172,124

Teachers' Retirement System of the State of Illinois

Plan description

The ROE No. 4 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.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2015>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits provided

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

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

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

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, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the ROE No. 4, is submitted to TRS by the ROE No. 4.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE No. 4. For the year ended June 30, 2016, State of Illinois contributions recognized by the ROE No. 4 were based on the State's proportionate share of the collective

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NPL associated with the ROE No. 4, and the ROE No. 4 recognized revenue and expenditures of \$1,048,246 in pension contributions from the State of Illinois.

2.2 formula contributions. ROE No. 4 contributes 0.58 percent of total creditable earnings for the 2.2 formula changes. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$11,648 and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the ROE No. 4, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$138,840 were paid from federal and special trust funds that required employer contributions of \$50,066. These contributions are deferred because they were paid after the June 30, 2015 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 ROE No. 4 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the ROE No. 4 made no payments to TRS for employer ERO contributions.

The ROE No. 4 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, 2016, the ROE No. 4 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, 2016, the ROE No. 4 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the ROE No. 4. The State's support and total are for disclosure purposes only. The amount recognized by the ROE No. 4 as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the ROE No. 4 were as follow:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

ROE No. 4 proportionate share of the net pension liability	\$	928,211
State's proportionate share of the net pension liability associated with the employer		12,794,652
 Total	 \$	 13,722,863

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and rolled forward to June 30, 2015. The ROE No. 4's proportion of the net pension liability was based on the ROE No. 4's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the ROE No. 4's proportion was 0.0014257371 percent, which was an increase of 0.0005027118 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the ROE No. 4 recognized pension expense of \$1,048,246 and revenue of \$1,048,246 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education #4 recognized pension income of \$186,602. At June 30, 2016, the ROE No. 4 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 344	\$ 1,024
Net difference between projected and actual earnings on pension plan investments	18,498	32,415
Changes of assumptions	12,916	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	251,167	1,002,327
Employer contributions subsequent to the measurement date	60,914	-
Total	\$ 343,839	\$ 1,035,766

\$60,914 reported as deferred outflows of resources related to pensions resulting from ROE No. 4's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year Ended June 30:</u>	
2017	\$ (260,049)
2018	(260,049)
2019	(260,049)
2020	27,306
Total	\$ (752,841)

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.50 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 actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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:

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	7.53%
Global equity excluding U.S.	18	7.88
Aggregate bonds	16	1.57
U.S. TIPS	2	2.82
NCREIF	11	5.11
Opportunistic real estate	4	9.09
ARS	8	2.57
Risk parity	8	4.87
Diversified inflation strategy	1	3.26
Private equity	14	12.33
Total	<u>100%</u>	

Discount rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 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, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower 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, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Sensitivity of the employer’s proportionate share of the net pension liability to changes in the discount rate

The following presents the ROE No. 4’s proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the ROE No. 4’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
ROE No. 4’s proportionate share of the net pension liability	\$ 1,142,419	\$ 928,211	\$ 745,748

TRS fiduciary net position

Detailed information about the TRS’s fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 9 - TEACHER HEALTH INSURANCE SECURITY

The ROE No. 4 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. 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.

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

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.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

On behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE No. 4. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$22,974, and the ROE No. 4 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and 14 were 1.02 and .97 percent of pay respectively. State contributions on behalf of the Regional Office of Education #4 employees were \$20,877 and \$17,655 respectively.

Employer contributions to the THIS Fund. The ROE No. 4 also makes contributions to the THIS Fund. The ROE No. 4 THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the ROE No. 4 paid \$17,176 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and 2014, the ROE #4 paid \$15,556 and \$13,104 to the THIS Fund, respectively

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE

The ROE No. 4 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. Retirees pay the full cost of coverage.

Membership in the plan consisted of the following as of June 30, 2015, the date of the most recent actuarial valuation:

	June 30, 2015
Retirees and beneficiaries receiving benefits	–
Terminated plan members entitled to but not yet receiving benefits	–
Active plan members fully eligible to retire	6
Active plan members not yet fully eligible to retire	9
Total	15
Numbering of participating employees	1

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Schedule of Funding Progress

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation

	June 30, 2016
Annual required contribution	\$ 4,013
Interest on net OPEB obligation	383
Adjustment to annual required contribution	(554)
Annual OPEB cost	3,842
Estimated Employer Contributions (Payments)	(1,391)
Change in Net OPEB Obligation	2,451
Net OPEB obligation beginning of year	9,575
Net OPEB obligation end of year	\$ 12,026

The net OPEB liability was not recognized in the financial statements because it was immaterial.

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 3,842	36%	\$ 12,026
6/30/2015	3,731	35%	9,575
6/30/2014	2,449	0%	7,137

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Actuarial Methods and Assumptions

<i>Measurement Date</i>	June 30, 2015
<i>Data Collection Date</i>	June 30, 2015
<i>Participant Data</i>	Employee and retiree data was supplied by the plan sponsor as of the census date. Data on persons receiving benefits was supplied by the plan sponsor.
<i>Cost Method</i>	Entry Age Normal
<i>Valuation Method</i>	Alternative Measurement Method
<i>Asset Valuation Method</i>	Not applicable
<i>Benefits Not Included</i>	None
<i>Discount Rate</i>	4.00%
<i>Mortality</i>	Life expectancies used were the CDC National Vital Statistics report for 2014 and were applied on a sex-distinct basis.
<i>Termination/Turnover Rates</i>	Default turnover assumptions based on paragraph 35b, Table 1, of GASB 45.
<i>Average Retirement Age</i>	Age 60 for Tier 1 employees Age 62 for Tier 2 employees
<i>Starting Per Capita Costs</i>	Monthly premium rates provided by the Regional Office of Education. Rates adjusted for implicit cost of covering entities per the table provided for the Alternative Measurement Method in GASB 45. Under age 65: Retiree \$17,219, Spouse \$14,581 Age 65 & over: Retiree \$9,744, Spouse \$9,745
<i>Health Care Trend Rate</i>	Initial rate of 7.9% grading uniformly over 10 years to a 5.0% ultimate rate. The initial trend rate is based on the 2014 Segal Health Plan Cost Trend Survey.
<i>Retiree Contributions</i>	Under age 65: Retiree \$9,566, Spouse \$8,100 Age 65 & over: Retiree \$5,413, Spouse \$5,414
<i>Retiree Contribution Trend Rate</i>	Same as health care trend rates.
<i>Participation/Election Assumption</i>	20% of eligible active employees are assumed to elect retiree medical coverage at retirement.
<i>Spousal Coverage</i>	50%
<i>Retiree Lapse Rates</i>	100% of retirees receiving medical are expected to lapse coverage at age 65.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - OPERATING LEASES

The ROE No. 4 leases the southeast wing, six additional rooms, and a storage area in the building at 100 Heart Boulevard, Loves Park, Illinois, from the City of Loves Park. The lease term is from August 1, 2011 to July 31, 2016; rent is \$3,800 per month. During the fiscal year, the Winnebago County paid for \$3,000 of the monthly rental payment or a total of \$36,000 and was recognized as on-behalf revenue and expense by the ROE No. 4. On February 15, 2016, the ROE No. 4 exercised their second option of the lease to extend the original lease agreement for five years commencing August 1, 2016. All other terms and conditions of the lease agreement shall remain the same during the renewal term.

The ROE No. 4 leases classrooms and office space from the Rockford Board of Education School District #205 located at 5949 Safford Road, Rockford, Illinois. The lease term is from June 1, 2013, to June 30, 2018; rent is \$6,042 per month.

Rent expense for the year ended June 30, 2016, was \$82,100. Future minimum rentals are as follows for the years ending June 30:

2017	\$	73,300
2018		72,500
2019 and thereafter		—
Total	\$	145,800

NOTE 12 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which over expend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2016:

Fund	Amount
General Fund - Credit Recovery	\$ 31
General Fund - STAR-FIT	103,203
Education Fund - Regional Safe Schools	13,965
Education Fund - ROE/ISC Operations	218,176
Education Fund - Technology for Success	105,355
Education Fund - Pilot Regional Safe School Cooperative Education Program	3,157

NOTE 13 - RISK MANAGEMENT

The ROE No. 4 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 ROE No. 4 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.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The ROE No. 4 restated its net position balance in FY 2015 to reverse the effect of deferred outflows of resources, net pension liability, deferred inflows of resources recognized related to employees of CEANCI (a fiduciary fund). This adjustment increased the ROE No. 4's net position by \$58,325.

A reconciliation of net position reported in prior period financial statements and as restated follows:

	Governmental Activities <u>Net Position</u>
Net position, July 1, 2015, as previously reported	\$ (359,669)
Cumulative effect of adjustments to deferred outflows of resources, net pension liability, and deferred inflows of resources	<u>58,325</u>
Net position, July 1, 2015, as restated	<u><u>\$ (301,344)</u></u>

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 14, 2019 which is the date when the financial statements were available to be issued. The review and evaluation revealed no new material events or transactions which would require an additional adjustment or disclosure in the accompanying financial statements.

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Schedule of Changes in the Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Last Two Calendar Years

Calendar Year Ended December 31,	2015	2014
Total Pension Liability		
Service cost	\$ 59,090	\$ 62,388
Interest on the total pension liability	256,542	235,990
Changes of benefit terms	-	-
Differences between expected and actual experience	15,473	7,406
Changes of assumptions	-	159,684
Benefit payments, including refunds of employee contributions	(200,456)	(184,346)
Net Change in Total Pension Liability	130,649	281,122
Total Pension Liability - Beginning	3,486,039	3,204,917
Total Pension Liability – Ending (A)	\$ 3,616,688	\$ 3,486,039
Plan Fiduciary Net Position		
Contributions - Employer	\$ 61,145	\$ 75,662
Contributions - Employees	26,285	24,028
Net investment income	53,504	252,615
Benefit payments, including refunds of employee contributions	(200,456)	(184,346)
Other (net transfer)	(7,529)	(3,334)
Net Change in Plan Fiduciary Net Position	(67,051)	164,625
Plan Fiduciary Net Position - Beginning	3,529,196	3,364,571
Plan Fiduciary Net Position – Ending (B)	\$ 3,462,145	\$ 3,529,196
Net Pension Liability (Asset) - Ending (A) - (B)	\$ 154,543	\$ (43,157)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.73%	101.24%
Covered Valuation Payroll	558,913	538,482
Net Pension Liability as a Percentage of Covered Payroll	27.65%	-8.01%

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.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

**Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Last Two Calendar Years**

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2015	\$ 61,145	* \$ 61,145	\$ -	\$ 558,913	10.94%
2014	72,964	75,662	(2,698)	538,482	14.05%

**Estimated based on contribution rate of 10.94% and covered valuation payroll of \$558,913.*

Notes to Schedule of Contributions

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
For the Year Ended June 30, 2016***

	FY2015	FY2014
ROE No. 4's proportionate share of the net pension liability	\$ 928,211	\$ 561,738
State's proportionate share of the net pension liability associated with the ROE No. 4	12,794,652	8,380,255
Total	\$ 13,722,863	\$ 8,941,993
Employer's covered-employee payroll	\$ 1,877,187	\$ 1,650,451
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	49.4%	34.0%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

**Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
For the Year Ended June 30, 2016**

Fiscal Year Ended June 30,	Statutorily- Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contribution as a Percentage of Covered- Employee Payroll
2016	\$ 60,759	\$ 60,914	\$ (155)	\$ 1,986,289	3.1%
2015	45,694	46,244	(550)	1,877,187	2.5%
2014	49,555	44,561	4,994	1,650,451	2.7%

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

Notes to This Required Supplementary Information

Changes of assumptions - amounts reported in 2015 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2016**

**Schedule of Funding Progress
 Other Postemployment Benefits - Health Insurance Plan for Retired Employees
 (Unaudited)
 June 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/16	\$ -	\$ 18,556	\$ 18,556	0.00%	\$619,409	3.00%
06/30/15	-	18,556	18,556	0.00%	595,586	3.12%
06/30/14	-	16,977	16,977	0.00%	538,482	3.15%

OTHER SUPPLEMENTARY INFORMATION

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

GENERAL FUND

COMBINING SCHEDULE OF ACCOUNTS

JUNE 30, 2016

	Educational Service				
	Audiovisual Co-op	Credit Recovery	Center No. 1	General Operations	Payroll
ASSETS					
Cash and cash equivalents	\$ 5,978	\$ 6,729	\$ 140,166	\$ 186,514	\$ 363,054
Due from other funds	-	-	-	8,479	72,801
Due from other governments	-	75	-	10,754	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	\$ 5,978	\$ 6,804	\$ 140,166	\$ 205,747	\$ 435,855
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 48	\$ 5,807	\$ -	\$ 2,012	\$ -
Due to other funds	-	1,028	-	10,697	418,123
Due to other governments	-	-	-	-	17,732
Total liabilities	48	6,835	-	12,709	435,855
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCES (DEFICIT)					
Nonspendable	-	-	-	-	-
Assigned	5,930	-	140,166	-	-
Unassigned	-	(31)	-	193,038	-
Total fund balances (deficit)	5,930	(31)	140,166	193,038	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,978	\$ 6,804	\$ 140,166	\$ 205,747	\$ 435,855

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

GENERAL FUND

COMBINING SCHEDULE OF ACCOUNTS

JUNE 30, 2016

	Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	STAR-FIT	Total
ASSETS					
Cash and cash equivalents	\$ 706,325	\$ -	\$ -	\$ -	\$ 1,408,766
Due from other funds	-	415,312	-	-	496,592
Due from other governments	-	125,617	-	17,670	154,116
Prepaid expenses	25,000	26,672	-	833	52,505
TOTAL ASSETS	\$ 731,325	\$ 567,601	\$ -	\$ 18,503	\$ 2,111,979
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 5,534	\$ 120,789	\$ -	\$ 22,342	\$ 156,532
Due to other funds	34,507	293,315	-	98,531	856,201
Due to other governments	-	8,972	-	-	26,704
Total liabilities	40,041	423,076	-	120,873	1,039,437
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	344	-	-	344
FUND BALANCES (DEFICIT)					
Nonspendable	25,000	26,672	-	833	52,505
Assigned	666,284	117,509	-	-	929,889
Unassigned	-	-	-	(103,203)	89,804
Total fund balances (deficit)	691,284	144,181	-	(102,370)	1,072,198
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 731,325	\$ 567,601	\$ -	\$ 18,503	\$ 2,111,979

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 GENERAL FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Audiovisual Co-op</u>	<u>Credit Recovery</u>	<u>Educational Service Center No. 1</u>	<u>General Operations</u>	<u>Payroll</u>
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Local sources	-	21,733	-	20,539	-
On-behalf payments - State	-	-	-	294,712	-
On-behalf payments - local	-	-	-	414,338	-
Total revenues	-	21,733	-	729,589	-
EXPENDITURES					
Salaries and benefits	1,185	22,658	-	-	-
Pension expense	110	-	-	-	-
Purchased services	21	388	-	18,098	-
Supplies and materials	-	6,004	-	18,706	-
Miscellaneous	-	-	-	402	-
On-behalf payments - State	-	-	-	294,712	-
On-behalf payments - local	-	-	-	414,338	-
Capital outlay	-	-	-	3,882	-
Total expenditures	1,316	29,050	-	750,138	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,316)	(7,317)	-	(20,549)	-
OTHER FINANCING SOURCES (USES)					
Interest income	-	-	431	333	-
Transfers in (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	431	333	-
NET CHANGE IN FUND BALANCES	(1,316)	(7,317)	431	(20,216)	-
FUND BALANCES, BEGINNING OF YEAR	7,246	7,286	139,735	213,254	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ 5,930	\$ (31)	\$ 140,166	\$ 193,038	\$ -

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	Regional Alternative School - GSA	Regional Learning Center - GSA	Standards Aligned Classroom	STAR-FIT	Total
REVENUES					
Federal sources	\$ -	\$ 90,581	\$ -	\$ -	\$ 90,581
State sources	973,598	930,079	-	-	1,903,677
Local sources	1,000	742,708	-	51,840	837,820
On-behalf payments - State	-	-	-	-	294,712
On-behalf payments - local	-	-	-	-	414,338
Total revenues	<u>974,598</u>	<u>1,763,368</u>	<u>-</u>	<u>51,840</u>	<u>3,541,128</u>
EXPENDITURES					
Salaries and benefits	724,862	1,275,013	-	143,218	2,166,936
Pension expense	8,955	31,253	-	1,687	42,005
Purchased services	62,511	146,023	-	8,425	235,466
Supplies and materials	28,561	133,978	-	880	188,129
Miscellaneous	-	115	-	-	517
On-behalf payments - State	-	-	-	-	294,712
On-behalf payments - local	-	-	-	-	414,338
Capital outlay	-	6,137	-	-	10,019
Total expenditures	<u>824,889</u>	<u>1,592,519</u>	<u>-</u>	<u>154,210</u>	<u>3,352,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>149,709</u>	<u>170,849</u>	<u>-</u>	<u>(102,370)</u>	<u>189,006</u>
OTHER FINANCING SOURCES (USES)					
Interest income	2,079	1,647	-	-	4,490
Transfers in (out)	-	(42,926)	(28,969)	-	(71,895)
Total other financing sources (uses)	<u>2,079</u>	<u>(41,279)</u>	<u>(28,969)</u>	<u>-</u>	<u>(67,405)</u>
NET CHANGE IN FUND BALANCES	151,788	129,570	(28,969)	(102,370)	121,601
FUND BALANCES, BEGINNING OF YEAR	<u>539,496</u>	<u>14,611</u>	<u>28,969</u>	<u>-</u>	<u>950,597</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 691,284</u>	<u>\$ 144,181</u>	<u>\$ -</u>	<u>\$ (102,370)</u>	<u>\$ 1,072,198</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2016**

	McKinney - Vento Homeless Children and Youth	Principal Mentoring	Regional Safe Schools	ROE/ISC Operations	Raising Student Achievement Conference
ASSETS					
Cash and cash equivalents	\$ 10,196	\$ -	\$ 55,989	\$ -	\$ 241,633
Due from other funds	-	-	-	500	111
Due from other governments	7,356	-	27,930	218,176	-
TOTAL ASSETS	\$ 17,552	\$ -	\$ 83,919	\$ 218,676	\$ 241,744
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 2,552	\$ -	\$ 25,751	\$ 14,127	\$ -
Due to other funds	15,000	-	21,703	204,549	-
Due to other governments	-	-	36,465	-	-
Unearned revenue	-	-	-	-	241,744
Total liabilities	17,552	-	83,919	218,676	241,744
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	13,965	218,176	-
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	-	-	(13,965)	(218,176)	-
TOTAL FUND BALANCES	-	-	(13,965)	(218,176)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,552	\$ -	\$ 83,919	\$ 218,676	\$ 241,744

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2016**

	<u>Social Studies and Fine Arts</u>	<u>Technology for Success</u>	<u>Title I - School Improvement & Accountability</u>	<u>Title II - Teacher Quality - Leadership</u>	<u>Title II - Teacher Quality</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 214,690	\$ 500	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	-	105,355	151,370	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 105,355</u>	<u>\$ 366,060</u>	<u>\$ 500</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ 39,139	\$ 26,883	\$ -	\$ -
Due to other funds	-	66,216	339,177	500	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>105,355</u>	<u>366,060</u>	<u>500</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>105,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	<u>-</u>	<u>(105,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>-</u>	<u>(105,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 105,355</u>	<u>\$ 366,060</u>	<u>\$ 500</u>	<u>\$ -</u>

**SCHEDULE 3
(CONTINUED)**

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2016**

	<u>Truants Alternative</u>	<u>Pilot Regional Safe School Cooperative Education Program</u>	<u>Individualized Education Programs</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 6,933	\$ -	\$ 4,966	\$ 534,907
Due from other funds	-	-	-	611
Due from other governments	31,639	9,212	-	551,038
TOTAL ASSETS	<u>\$ 38,572</u>	<u>\$ 9,212</u>	<u>\$ 4,966</u>	<u>\$ 1,086,556</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 37,145	\$ 9,154	\$ -	\$ 154,751
Due to other funds	-	58	-	647,203
Due to other governments	1,427	-	-	37,892
Unearned revenue	-	-	4,966	246,710
Total liabilities	<u>38,572</u>	<u>9,212</u>	<u>4,966</u>	<u>1,086,556</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	3,157	-	340,653
FUND BALANCES (DEFICIT)				
Restricted	-	-	-	-
Unassigned	-	(3,157)	-	(340,653)
TOTAL FUND BALANCES	<u>-</u>	<u>(3,157)</u>	<u>-</u>	<u>(340,653)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 38,572</u>	<u>\$ 9,212</u>	<u>\$ 4,966</u>	<u>\$ 1,086,556</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED, JUNE 30, 2016**

	McKinney - Vento Homeless Children and Youth	Principal Mentoring	Regional Safe Schools	ROE/ISC Operations	Raising Student Achievement Conference
REVENUES					
Federal sources	\$ 64,315	\$ -	\$ -	\$ -	\$ -
State sources	-	-	117,158	-	-
Local sources	-	-	-	-	216,845
Total revenues	<u>64,315</u>	<u>-</u>	<u>117,158</u>	<u>-</u>	<u>216,845</u>
EXPENDITURES					
Salaries and benefits	18,337	-	152,548	140,937	9,059
Pension expense	1,069	-	786	5,348	656
Purchased services	45,884	-	2,751	58,251	201,422
Supplies and materials	-	-	-	2,694	6,329
Payments to other governments	-	-	-	2,601	-
Miscellaneous	-	-	-	184	-
Capital outlay	-	-	-	8,161	-
Total expenditures	<u>65,290</u>	<u>-</u>	<u>156,085</u>	<u>218,176</u>	<u>217,466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(975)</u>	<u>-</u>	<u>(38,927)</u>	<u>(218,176)</u>	<u>(621)</u>
OTHER FINANCING SOURCES (USES)					
Interest income	-	-	-	-	621
Transfers in (out)	975	(6,354)	24,962	-	-
Total other financing sources (uses)	<u>975</u>	<u>(6,354)</u>	<u>24,962</u>	<u>-</u>	<u>621</u>
NET CHANGE IN FUND BALANCES	-	(6,354)	(13,965)	(218,176)	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	6,354	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,965)</u>	<u>\$ (218,176)</u>	<u>\$ -</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED, JUNE 30, 2016**

	Social Studies and Fine Arts	Technology for Success	Title I - School Improvement & Accountability	Title II - Teacher Quality - Leadership	Title II - Teacher Quality
REVENUES					
Federal sources	\$ -	\$ -	\$ 937,213	\$ 8,107	\$ 1,202
State sources	-	50,000	-	-	-
Local sources	-	4,114	-	-	-
Total revenues	<u>-</u>	<u>54,114</u>	<u>937,213</u>	<u>8,107</u>	<u>1,202</u>
EXPENDITURES					
Salaries and benefits	-	78,052	319,833	386	-
Pension expense	-	6,982	57,274	21	-
Purchased services	-	67,922	271,205	7,700	1,202
Supplies and materials	-	647	198	-	-
Payments to other governments	-	-	309,304	-	-
Miscellaneous	-	-	-	-	-
Capital outlay	-	2,400	-	-	-
Total expenditures	<u>-</u>	<u>156,003</u>	<u>957,814</u>	<u>8,107</u>	<u>1,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(101,889)</u>	<u>(20,601)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Interest income	-	-	-	-	-
Transfers in (out)	1,407	(3,466)	24,098	-	-
Total other financing sources (uses)	<u>1,407</u>	<u>(3,466)</u>	<u>24,098</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,407	(105,355)	3,497	-	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(1,407)</u>	<u>-</u>	<u>(3,497)</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (105,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED, JUNE 30, 2016**

	<u>Truants Alternative</u>	<u>Pilot Regional Safe School Cooperative Education Program</u>	<u>Individualized Education Programs</u>	<u>Total</u>
REVENUES				
Federal sources	\$ -	\$ -	\$ 29,784	\$ 1,040,621
State sources	314,957	37,488	-	519,603
Local sources	-	-	-	220,959
Total revenues	<u>314,957</u>	<u>37,488</u>	<u>29,784</u>	<u>1,781,183</u>
EXPENDITURES				
Salaries and benefits	302,818	33,691	4,402	1,060,063
Pension expense	12,985	151	348	85,620
Purchased services	18,598	4,284	25,034	704,253
Supplies and materials	1,011	2,519	-	13,398
Payments to other governments	-	-	-	311,905
Miscellaneous	-	-	-	184
Capital outlay	-	-	-	10,561
Total expenditures	<u>335,412</u>	<u>40,645</u>	<u>29,784</u>	<u>2,185,984</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,455)</u>	<u>(3,157)</u>	<u>-</u>	<u>(404,801)</u>
OTHER FINANCING SOURCES (USES)				
Interest income	-	-	-	621
Transfers in (out)	20,455	-	-	62,077
Total other financing sources (uses)	<u>20,455</u>	<u>-</u>	<u>-</u>	<u>62,698</u>
NET CHANGE IN FUND BALANCES	-	(3,157)	-	(342,103)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (3,157)</u>	<u>\$ -</u>	<u>\$ (340,653)</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND ACCOUNT
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2016**

	McKinney - Vento Homeless Children and Youth			Regional Safe Schools			ROE/ISC Operations		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUES									
Federal sources	\$ 65,921	\$ 64,315	\$ (1,606)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	167,588	117,158	(50,430)	126,133	-	(126,133)
Local sources	-	-	-	-	-	-	-	-	-
Total revenues	<u>65,921</u>	<u>64,315</u>	<u>(1,606)</u>	<u>167,588</u>	<u>117,158</u>	<u>(50,430)</u>	<u>126,133</u>	<u>-</u>	<u>(126,133)</u>
EXPENDITURES									
Salaries and benefits	18,904	18,337	567	163,557	152,548	11,009	92,250	140,937	(48,687)
Pension expense	-	1,069	(1,069)	-	786	(786)	-	5,348	(5,348)
Purchased services	47,017	45,884	1,133	4,031	2,751	1,280	25,908	58,251	(32,343)
Supplies and materials	-	-	-	-	-	-	1,058	2,694	(1,636)
Payments to other governments	-	-	-	-	-	-	-	2,601	(2,601)
Miscellaneous	-	-	-	-	-	-	117	184	(67)
Capital outlay	-	-	-	-	-	-	6,800	8,161	(1,361)
Total expenditures	<u>65,921</u>	<u>65,290</u>	<u>631</u>	<u>167,588</u>	<u>156,085</u>	<u>11,503</u>	<u>126,133</u>	<u>218,176</u>	<u>(92,043)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(975)</u>	<u>\$ (975)</u>	<u>\$ -</u>	<u>(38,927)</u>	<u>\$ (38,927)</u>	<u>\$ -</u>	<u>(218,176)</u>	<u>\$ (218,176)</u>
OTHER FINANCING SOURCE									
Transfers in		<u>975</u>			<u>24,962</u>			<u>-</u>	
NET CHANGE IN FUND BALANCES		<u>-</u>			<u>(13,965)</u>			<u>(218,176)</u>	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		<u>-</u>			<u>-</u>			<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ -</u>			<u>\$ (13,965)</u>			<u>\$ (218,176)</u>	

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND ACCOUNT
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2016**

	Technology for Success			Title I - School Improvement & Accountability			Title II - Teacher Quality - Leadership		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 1,382,473	\$ 937,213	\$ (445,260)	\$ 8,107	\$ 8,107	\$ -
State sources	201,986	50,000	(151,986)	-	-	-	-	-	-
Local sources	-	4,114	4,114	-	-	-	-	-	-
Total revenues	<u>201,986</u>	<u>54,114</u>	<u>(147,872)</u>	<u>1,382,473</u>	<u>937,213</u>	<u>(445,260)</u>	<u>8,107</u>	<u>8,107</u>	<u>-</u>
EXPENDITURES									
Salaries and benefits	85,186	78,052	7,134	606,647	319,833	286,814	407	386	21
Pension expense	-	6,982	(6,982)	-	57,274	(57,274)	-	21	(21)
Purchased services	112,758	67,922	44,836	334,536	271,205	63,331	7,700	7,700	-
Supplies and materials	542	647	(105)	8,000	198	7,802	-	-	-
Payments to other governments	-	-	-	433,290	309,304	123,986	-	-	-
Miscellaneous	1,500	-	1,500	-	-	-	-	-	-
Capital outlay	2,000	2,400	(400)	-	-	-	-	-	-
Total expenditures	<u>201,986</u>	<u>156,003</u>	<u>45,983</u>	<u>1,382,473</u>	<u>957,814</u>	<u>424,659</u>	<u>8,107</u>	<u>8,107</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(101,889)</u>	<u>\$ (101,889)</u>	<u>\$ -</u>	<u>(20,601)</u>	<u>\$ (20,601)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCE									
Transfers in		<u>(3,466)</u>			<u>24,098</u>			<u>-</u>	
NET CHANGE IN FUND BALANCES		<u>(105,355)</u>			<u>3,497</u>			<u>-</u>	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		<u>-</u>			<u>(3,497)</u>			<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (105,355)</u>			<u>\$ -</u>			<u>\$ -</u>	

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND ACCOUNT
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2016**

	Title II -Teacher Quality			Truants Alternative			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ 1,202	\$ 1,202	\$ -	\$ -	\$ -	\$ -	\$ 1,457,703	\$ 1,010,837	\$ (446,866)
State sources	-	-	-	316,384	314,957	(1,427)	812,091	482,115	(329,976)
Local sources	-	-	-	-	-	-	-	4,114	4,114
Total revenues	<u>1,202</u>	<u>1,202</u>	<u>-</u>	<u>316,384</u>	<u>314,957</u>	<u>(1,427)</u>	<u>2,269,794</u>	<u>1,497,066</u>	<u>(772,728)</u>
EXPENDITURES									
Salaries and benefits	-	-	-	293,561	302,818	(9,257)	1,260,512	1,012,911	247,601
Pension expense	-	-	-	-	12,985	(12,985)	-	84,465	(84,465)
Purchased services	1,202	1,202	-	21,723	18,598	3,125	554,875	473,513	81,362
Supplies and materials	-	-	-	1,100	1,011	89	10,700	4,550	6,150
Payments to other governments	-	-	-	-	-	-	433,290	311,905	121,385
Miscellaneous	-	-	-	-	-	-	1,617	184	1,433
Capital outlay	-	-	-	-	-	-	8,800	10,561	(1,761)
Total expenditures	<u>1,202</u>	<u>1,202</u>	<u>-</u>	<u>316,384</u>	<u>335,412</u>	<u>(19,028)</u>	<u>2,269,794</u>	<u>1,898,089</u>	<u>371,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(20,455)</u>	<u>\$ (20,455)</u>	<u>\$ -</u>	<u>(401,023)</u>	<u>\$ (401,023)</u>
OTHER FINANCING SOURCE									
Transfers in		-			20,455			67,024	
NET CHANGE IN FUND BALANCES		-			-			(333,999)	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		-			-			(3,497)	
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>-</u>			<u>\$ -</u>			<u>\$ (337,496)</u>	

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

SCHEDULE 6

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Testing Center</u>	<u>Richard Fairgrievies Scholarship Fund</u>	<u>Institute</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 8,085	\$ 12,466	\$ 1,002	\$ 44,915	\$ 7,145	\$ 269,994	\$ 343,607
Due from other governments	234	4,068	-	4,570	-	-	8,872
TOTAL ASSETS	<u>\$ 8,319</u>	<u>\$ 16,534</u>	<u>\$ 1,002</u>	<u>\$ 49,485</u>	<u>\$ 7,145</u>	<u>\$ 269,994</u>	<u>\$ 352,479</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ 105	\$ -	\$ -	\$ 750	\$ -	\$ -	\$ 855
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	178	-	-	-	-	178
FUND BALANCES							
Restricted	8,214	16,356	1,002	48,735	7,145	269,994	351,446
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,319</u>	<u>\$ 16,534</u>	<u>\$ 1,002</u>	<u>\$ 49,485</u>	<u>\$ 7,145</u>	<u>\$ 269,994</u>	<u>\$ 352,479</u>

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 7

	General Education Development	Bus Driver Training	Supervisory	Testing Center	Richard Fairgrievs Scholarship Fund	Institute	Total
REVENUES							
State sources	\$ -	\$ 2,020	\$ -	\$ -	\$ -	\$ -	\$ 2,020
Local sources	8,918	12,050	-	53,411	-	117,757	192,136
Total revenues	<u>8,918</u>	<u>14,070</u>	<u>-</u>	<u>53,411</u>	<u>-</u>	<u>117,757</u>	<u>194,156</u>
EXPENDITURES							
Salaries and benefits	-	-	-	25,444	-	9,463	34,907
Purchased services	105	-	-	-	-	-	105
Supplies and materials	8,876	10,772	-	9,581	-	19,394	48,623
Payments to other governments	-	-	-	-	-	-	-
Miscellaneous	632	2,652	-	702	2,000	-	5,986
Capital expenditures	501	501	-	-	-	-	1,002
Total expenditures	<u>10,114</u>	<u>13,925</u>	<u>-</u>	<u>35,727</u>	<u>2,000</u>	<u>28,857</u>	<u>90,623</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,196)	145	-	17,684	(2,000)	88,900	103,533
OTHER FINANCING SOURCE							
Interest income	5	27	-	-	-	219	251
NET CHANGE IN FUND BALANCES	(1,191)	172	-	17,684	(2,000)	89,119	103,784
FUND BALANCES, BEGINNING OF YEAR	<u>9,405</u>	<u>16,184</u>	<u>1,002</u>	<u>31,051</u>	<u>9,145</u>	<u>180,875</u>	<u>247,662</u>
FUND BALANCES, END OF YEAR	<u>\$ 8,214</u>	<u>\$ 16,356</u>	<u>\$ 1,002</u>	<u>\$ 48,735</u>	<u>\$ 7,145</u>	<u>\$ 269,994</u>	<u>\$ 351,446</u>

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2016

SCHEDULE 8

	Career Education Associates of North Central Illinois	Boone County School Facility Occupation Tax	Total
ASSETS			
Cash and cash equivalents	\$ 710,811	\$ -	\$ 710,811
Due from other governments	105,989	697,312	803,301
Prepaid expenses	20,000	-	20,000
TOTAL ASSETS	\$ 836,800	\$ 697,312	\$ 1,534,112
LIABILITIES			
Accounts payable and accrued expenses	\$ 145,652	\$ -	\$ 145,652
Due to other governments	691,148	697,312	1,388,460
TOTAL LIABILITIES	\$ 836,800	\$ 697,312	\$ 1,534,112

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

SCHEDULE 9

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>CAREER EDUCATION ASSOCIATES</u>				
<u>OF NORTH CENTRAL ILLINOIS</u>				
ASSETS				
Cash and cash equivalents	\$ 429,287	\$ 3,014,283	\$ 2,732,759	\$ 710,811
Due from other governments	431,581	105,989	431,581	105,989
Prepaid expenses	-	20,000	-	20,000
TOTAL ASSETS	860,868	3,140,272	3,164,340	836,800
LIABILITIES				
Accounts payable and accrued expenses	\$ 19,295	\$ 145,652	\$ 19,295	\$ 145,652
Due to other governments	841,573	2,994,620	3,145,045	691,148
TOTAL LIABILITIES	\$ 860,868	\$ 3,140,272	\$ 3,164,340	\$ 836,800
<u>BOONE COUNTY SCHOOL FACILITY</u>				
<u>OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 65	\$ 2,698,803	\$ 2,698,868	\$ -
Due from other governments	704,787	697,312	704,787	697,312
TOTAL ASSETS	\$ 704,852	\$ 3,396,115	\$ 3,403,655	\$ 697,312
LIABILITIES				
Due to other governments	\$ 704,852	\$ 3,396,115	\$ 3,403,655	\$ 697,312
TOTAL LIABILITIES	\$ 704,852	\$ 3,396,115	\$ 3,403,655	\$ 697,312
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 429,352	\$ 5,713,086	\$ 5,431,627	\$ 710,811
Due from other governments	1,136,368	803,301	1,136,368	803,301
Prepaid expenses	-	20,000	-	20,000
TOTAL ASSETS	\$ 1,565,720	\$ 6,536,387	\$ 6,567,995	\$ 1,534,112
LIABILITIES				
Accounts payable and accrued expenses	\$ 19,295	\$ 145,652	\$ 19,295	\$ 145,652
Due to other governments	1,546,425	6,390,735	6,548,700	1,388,460
TOTAL LIABILITIES	\$ 1,565,720	\$ 6,536,387	\$ 6,567,995	\$ 1,534,112

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
BOONE COUNTY SCHOOL FACILITY OCCUPATION TAX
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 10

<u>District</u>	<u>Boone County School Facility Occupation Tax</u>
Belvidere CUSD #100	\$ 2,231,309
Harvard CUSD #50	2,464
Hiawatha CUSD #426	3,578
Hononegah CHD #207	146
North Boone CUSD #200	460,623
Rockford SD #205	548
Regional Office of Education #4	200
	<u>\$ 2,698,868</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through/ Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed-Through Illinois State Board of Education				
<u>Child Nutrition Cluster:</u>				
School Breakfast Program				
<i>School Breakfast Program</i>	10.553	2016-4220-00		\$ 29,469
<i>School Breakfast Program</i>	10.553	2015-4220-00		2,531
				32,000
National School Lunch Program				
<i>National School Lunch Program</i>	10.555	2016-4210-00		50,001
<i>National School Lunch Program</i>	10.555	2015-4210-00		8,580
				58,581
Total Child Nutrition Cluster				90,581
TOTAL U.S. DEPARTMENT OF AGRICULTURE				90,581
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-Through Illinois State Board of Education				
Title I Grants to Local Educational Agencies				
<i>Title I - School Improvement and Accountability</i>	(M) 84.010A	2016-4331-SS	\$ 309,420	933,716
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				
<i>Title II - Teacher Quality - Leadership</i>	84.367A	2016-4935-02		8,107
<i>Title II - Teacher Quality</i>	84.367A	2016-4932-00		1,202
				9,309
Passed-Through Regional Office of Education No. 47				
Education for Homeless Children and Youth				
<i>McKinney - Vento Homeless Children and Youth</i>	84.196A	2016-4920-00	43,985	63,285
<i>McKinney - Vento Homeless Children and Youth</i>	84.196A	2015-4920-00		1,030
			43,985	64,315
TOTAL U.S. DEPARTMENT OF EDUCATION				353,405
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 353,405	\$ 1,097,921

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Regional Office of Education No. 4 under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 4, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Office of Education No. 4.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education No. 4 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.