

State of Illinois
BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the Year Ended June 30, 2016

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

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
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**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28**

OFFICIALS

Regional Superintendent
(During the audit period and current)

Ms. Angela Zarvell

Assistant Regional Superintendent
(During the audit period and current)

Ms. Kathy Marshall

Office is located at:

107 South State Street
Atkinson, Illinois 61235

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28**

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.

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	5
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	3	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

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

2016-001	13	Controls Over Financial Statement Preparation	Material Weakness
2016-002	15	Controls Over Fund Accounting	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28**

COMPLIANCE REPORT SUMMARY (CONTINUED)

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2015-003	20	Inadequate Controls Over Payroll	Significant Deficiency
2015-004	20	Inadequate Controls Over Disbursements	Material Weakness and Noncompliance

PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

2015-003	20	Inadequate Controls Over Payroll	Significant Deficiency
2015-004	20	Inadequate Controls Over Disbursements	Material Weakness and Noncompliance
2015-005	20	Untimely Expenditure Report	Noncompliance

EXIT CONFERENCE

Bureau/Henry/Stark Counties Regional Office of Education No. 28 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. Responses to the recommendations were provided by the Regional Office of Education on October 23, 2017.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Bureau/Henry/Stark Counties Regional Office of Education No. 28 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unmodified opinion on the Bureau/Henry/Stark Counties Regional Office of Education No. 28'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, each major fund, and the aggregate remaining fund information of Bureau/Henry/Stark Counties Regional Office of Education No. 28, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Bureau/Henry/Stark Counties Regional Office of Education No. 28's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bureau/Henry/Stark Counties Regional Office of Education No. 28, as of June 30, 2016, and the respective changes in financial position 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 Management's Discussion and Analysis, Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios and Illinois Municipal Retirement Fund - Schedule of Employer Contributions on pages 22 through 30 and 64 through 65 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bureau/Henry/Stark Counties Regional Office of Education No. 28's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the 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 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, the 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the 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 3, 2017 on our consideration of Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 Bureau/Henry/Stark Counties Regional Office of Education No. 28's internal control over financial reporting and compliance.

ORIGINAL SIGNATURE ON FILE

Clinton, Iowa
November 3, 2017



**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 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, each major fund, and the aggregate remaining fund information of Bureau/Henry/Stark Counties Regional Office of Education No. 28, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Bureau/Henry/Stark Counties Regional Office of Education No. 28's basic financial statements, and have issued our report thereon dated November 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 Bureau/Henry/Stark Counties Regional Office of Education No. 28's internal control. Accordingly, we do not express an opinion on the effectiveness of Bureau/Henry/Stark Counties Regional Office of Education No. 28'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, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bureau/Henry/Stark Counties Regional Office of Education No. 28's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education No. 28's Responses to Findings

Bureau/Henry/Stark Counties Regional Office of Education No. 28's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 Bureau/Henry/Stark Counties Regional Office of Education No. 28's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bureau/Henry/Stark Counties Regional Office of Education No. 28's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ORIGINAL SIGNATURE ON FILE

Clinton, Iowa
November 3, 2017

**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 Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 Regional Office of Education No. 28's major federal programs for the year ended June 30, 2016. Bureau/Henry/Stark Counties Regional Office of Education No. 28's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 Bureau/Henry/Stark Counties Regional Office of Education No. 28's compliance.

Opinion on Each Major Federal Program

In our opinion, Bureau/Henry/Stark Counties Regional Office of Education No. 28 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.

Report on Internal Control Over Compliance

Management of Bureau/Henry/Stark Counties Regional Office of Education No. 28 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 Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 the 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 Bureau/Henry/Stark Counties Regional Office of Education No. 28'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

ORIGINAL SIGNATURE ON FILE

Clinton, Iowa
November 3, 2017

**BUREAU/HENRY/STARK COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 28
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I - SUMMARY OF AUDITORS' RESULTS
 Year Ended June 30, 2016**

Financial Statements in Accordance with Generally Accepted Accounting Principles

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major federal programs:

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

Type of auditors' 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)? yes x no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287C</u>	<u>Twenty-First Century Community Learning Centers</u>
<u>84.336B</u>	<u>Mathematics and Science Partnerships</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes x no

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
Year Ended June 30, 2016**

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1 and 07-1)

Criteria/Specific Requirement:

Bureau/Henry/Stark Counties Regional Office of Education No. 28 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skill, and experience to prepare and/or thoroughly review GAAP based financial statements to ensure they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

The Regional Office of Education No. 28 does not have sufficient internal controls over the financial reporting process. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
Year Ended June 30, 2016**

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1 and 07-1)(Continued)

Condition (continued):

During review of the Regional Office of Education No. 28's financial information prepared by the ROE, it was noted that the ROE did not have adequate controls over the maintenance of records of due from other governments, accounts payable, due to other governments, unearned revenue, and unavailable revenue. While the ROE did maintain records to indicate the balances of these accounts, material audit adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, were proposed in order to ensure those balances were accurate.

Effect:

The Regional Office of Education No. 28's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Management did not effectively detect all of the material adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, needed in order to present financial statements in accordance with GAAP.

Auditors' Recommendation:

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

Management's Response:

Regional Office of Education #28 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. Regional Office of Education #28 accepts the degree of risk associated with this condition because the added expense of seeking additional expertise to prepare financial statements would take away from the funds available to provide educational services to students and teachers. The cost of hiring and training additional staff or contracting services outweighs the benefit.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
Year Ended June 30, 2016**

FINDING 2016-002 - Controls Over Fund Accounting (Repeat of finding 15-002)

Criteria/Specific Requirement:

Bureau/Henry/Stark Counties Regional Office of Education No. 28 (ROE) 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 ROE 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 recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein, which 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 No. 28 did not ensure all individual funds were self-balanced and opening fund balance amounts agreed to the prior period closing fund balance amounts.

Effect:

Lack of proper fund accounting may inhibit the ROE from tracking specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. In addition, the Regional Office is unable to prepare financial statements in accordance with GAAP.

Cause:

The Regional Office of Education No. 28 recently purchased a new accounting software package which provides the reporting features required for proper fund accounting. The ROE is still in the process of transitioning to the new software and is making adjustments with the assistance of the software vendors as deficiencies are noted.

Auditors' Recommendation:

The Regional Office of Education No. 28 should assign a member of management with suitable skills, knowledge, and experience to review its trial balance reports at regular intervals throughout the year. The ROE should also ensure individual funds are self-balanced and opening fund balance amounts agree to the prior period closing fund balance amounts.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
Year Ended June 30, 2016**

FINDING 2016-002 - Controls Over Fund Accounting (Repeat of finding 15-002)
(Continued)

Management's Response:

The Regional Office of Education #28 acquired accounting software that will produce trial balances. The transition continues in order to meet the specific needs of the ROE. Most recently, the system has been programmed to designate revenues and expenditures to the proper cash, liability, revenue, and fund balance accounts.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III - FEDERAL AWARD FINDINGS
Year Ended June 30, 2016**

Instances of Noncompliance:

None

Material Weaknesses:

None

Significant Deficiencies:

None noted

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2016**

FINDING 2016-001 - Controls Over Financial Statement Preparation (Repeat of findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1 and 07-1)

Condition:

The Regional Office of Education No. 28 does not have sufficient internal controls over the financial reporting process. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 28's financial information prepared by the ROE, it was noted that the ROE did not have adequate controls over the maintenance of records of due from other governments, accounts payable, due to other governments, unearned revenue, and unavailable revenue. While the ROE did maintain records to indicate the balances of these accounts, material audit adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, were proposed in order to ensure those balances were accurate.

Plan:

Regional Office of Education #28 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. Regional Office of Education #28 accepts the degree of risk associated with this condition because the added expense of seeking additional expertise to prepare financial statements would take away from the funds available to provide educational services to students and teachers. The cost of hiring and training additional staff or contracting services outweighs the benefit.

Anticipated Completion Date:

Ongoing

Contact Person Responsible for Corrective Action:

Ms. Angela Zarvell, Regional Superintendent

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2016**

FINDING 2016-002 - Controls Over Fund Accounting (Repeat of finding 15-002)

Condition:

The Regional Office of Education No. 28 did not ensure all individual funds were self-balanced and opening fund balance amounts agreed to the prior period closing fund balance amounts.

Plan:

The Regional Office of Education #28 acquired accounting software that will produce trial balances. The transition continues in order to meet the specific needs of the ROE. Most recently, the system has been programmed to designate revenues and expenditures to the proper cash, liability, revenue, and fund balance accounts.

Anticipated Completion Date:

Ongoing

Contact Person Responsible for Corrective Action:

Ms. Angela Zarvell, Regional Superintendent

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2016**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	Controls Over Financial Statement Preparation	Repeated
2015-002	Controls Over Fund Accounting	Repeated
2015-003	Inadequate Controls Over Payroll	Resolved
2015-004	Inadequate Controls Over Disbursements	Resolved
2015-005	Untimely Expenditure Report	Resolved

Management's Discussion and Analysis

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

The Regional Office of Education No. 28 for the Counties of Bureau, Henry and Stark provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. Readers are encouraged to consider this information in conjunction with the Regional Office of Education No. 28's financial statements which follow:

2016 Financial Highlights

General Fund revenues increased from \$817,831 in fiscal year 2015 to \$1,126,589 in fiscal year 2016. General Fund expenditures also increased from \$791,465 in fiscal year 2015 to \$1,028,469 in fiscal year 2016. The increases were mostly attributable to flow through funds for the Illinois Mathematics and Science Partnership program which is administered through the District Services fund and fees for services.

Education Fund revenues increased from \$2,367,841 in fiscal year 2015 to \$3,312,025 in fiscal year 2016. Education Fund expenditures also increased from \$2,449,139 in fiscal year 2015 to \$3,242,795 in fiscal year 2016. The increases were mostly attributable to the Education Fund being primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase.

Government-wide revenues increased by approximately 34% from \$3,304,667 in fiscal year 2015 to \$4,415,860 in fiscal year 2016. Government-wide expenses increased by approximately 32% from \$3,249,196 in fiscal year 2015 to \$4,293,096 in fiscal year 2016.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education No. 28's financial activities.

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education No. 28 as a whole and present an overall view of the Regional Office of Education No. 28's finances.

The fund financial statements report the Regional Office of Education No. 28's operations in more detail than the government-wide statements by providing information that is needed for a full understanding of the data provided in the basic financial statements.

Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Required Supplementary Information further explains and supports the financial statements with information about the pension liability and relating contributions.

Supplementary Information provides detailed information about the combining and nonmajor funds.

REPORTING BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about Bureau/Henry/Stark Counties Regional Office of Education No. 28 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of Bureau/Henry/Stark Counties Regional Office of Education No. 28's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current years' revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

The two government-wide financial statements report the Regional Office of Education No. 28's net position and how it has changed. Net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the Regional Office of Education No. 28's financial health or financial position. Over time, increases or decreases in net position can be an indicator of whether financial position is improving or deteriorating. To assess the Regional Office of Education No. 28's overall condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide more detailed information about Bureau/Henry/Stark Counties Regional Office of Education No. 28's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education No. 28 has established other funds to control and manage money for particular purposes.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Bureau/Henry/Stark Counties Regional Office of Education No. 28 has two kinds of funds:

1) *Governmental funds*: Account for those funds through which most governmental functions of the Regional Office of Education No. 28 are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office of Education No. 28's programs. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance.

2) *Fiduciary funds*: Account for assets held by the Regional Office of Education No. 28 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statement includes a Statement of Fiduciary Net Position.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office of Education No. 28. The net position at the end of fiscal year 2016 and 2015 totaled \$1,626,422 and \$1,503,658, respectively. The analysis that follows provides a summary of the Regional Office of Education No. 28's net position as of June 30.

<u>2016</u>	Governmental <u>Activities</u>
Current assets	\$ 1,835,666
Non-current assets	<u>22,919</u>
Total assets	<u>1,858,585</u>
 Deferred outflows of resources	 <u>184,541</u>
 Current liabilities	 244,445
Non-current liabilities	<u>124,361</u>
Total liabilities	<u>368,806</u>
 Deferred inflows of resources	 <u>47,898</u>
 Net position	
Net investment in capital assets	22,919
Unrestricted	1,374,145
Restricted - other	<u>229,358</u>
 Total net position	 <u>\$ 1,626,422</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

<u>2015</u>	Governmental Activities
Current assets	\$ 1,563,994
Non-current assets	<u>76,622</u>
Total assets	<u>1,640,616</u>
 Deferred outflows of resources	 <u>94,036</u>
 Current liabilities	 107,957
Non-current liabilities	<u>78,109</u>
Total liabilities	<u>186,066</u>
 Deferred inflows of resources	 <u>44,928</u>
 Net position	
Net investment in capital assets	31,475
Unrestricted	1,232,070
Restricted - other	<u>240,113</u>
 Total net position	 <u>\$ 1,503,658</u>

The Regional Office of Education No. 28's net position increased by \$122,764 (8%) from fiscal year 2015. The increase was primarily due to increases in fee for service activities and local source revenue without similar increases in the relating expenses.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Changes in net position. The following shows the changes in net position for the years ended June 30, 2016 and 2015.

<u>2016</u>	<u>Governmental Activities</u>
Revenues:	
Program revenues	
Charges for services	\$ 42,263
Operating grants and contributions	3,239,591
General revenues	
Local sources	516,057
State sources	49,630
On-behalf payments	<u>568,319</u>
Total revenues	<u>4,415,860</u>
Expenses:	
Education	
Salaries and benefits	1,286,457
Pension expense	55,226
Purchased services	906,842
Supplies and materials	100,107
Payments to other governments	1,324,510
Other objects	38,957
Capital outlay	2,207
Depreciation and disposition losses	13,196
Administrative	
On-behalf payments	560,256
On-behalf payments - pension expense	<u>5,338</u>
Total expenses	<u>4,293,096</u>
Change in net position	122,764
Net position, beginning	<u>1,503,658</u>
Net position, ending	<u><u>\$ 1,626,422</u></u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

<u>2015</u>	<u>Governmental Activities</u>
Revenues:	
Program revenues	
Charges for services	\$ 37,658
Operating grants and contributions	2,445,479
General revenues	
Local sources	200,430
State sources	67,059
On-behalf payments	<u>554,041</u>
Total revenues	<u>3,304,667</u>
Expenses:	
Education	
Salaries and benefits	955,729
Pension expense	52,753
Purchased services	486,382
Supplies and materials	137,957
Payments to other governments	1,010,619
Other objects	20,793
Capital outlay	18,574
Depreciation	12,348
Administrative	
On-behalf payments	548,135
On-behalf payments - pension expense	<u>5,906</u>
Total expenses	<u>3,249,196</u>
Change in net position	55,471
Net position, beginning, as restated	<u>1,448,187</u>
Net position, ending	<u>\$ 1,503,658</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Governmental Activities

Revenues for governmental activities were \$4,415,860 and \$3,304,667 and expenses were \$4,293,094 and \$3,249,196 for 2016 and 2015, respectively. The increase in program revenues and expenses were mainly due to additional grant revenue.

INDIVIDUAL FUND ANALYSIS

As previously noted, Bureau/Henry/Stark Counties Regional Office of Education No. 28 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education No. 28's governmental funds reported combined fund balances of \$1,577,169, above last year's ending combined fund balances of \$1,375,655.

Governmental Fund Highlights

The General Fund fund balance increased from \$1,261,071 in 2015 to \$1,354,363 in 2016. The increase was mostly attributable to decreased expenses compared to revenues in the general state aid and district services funds.

The Education Fund fund balance increased from \$(14,224) in 2015 to \$59,834 in 2016. The Education Fund being primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase.

Fiduciary Fund Highlights

Fiduciary funds decreased when compared to the prior year. Total assets and liabilities decreased from \$608,889 in fiscal year 2015 to \$588,623 in fiscal year 2016. Transactions during fiscal year 2016 represent mainly transfers in and out of funds for the distributive fund and school facility occupation tax funds.

BUDGETARY HIGHLIGHTS

The Bureau/Henry/Stark Counties Regional Office of Education No. 28 annually prepares budgets for several funds which serve as a guideline for activities and expenditures. All grant budgets are prepared by the Regional Office of Education No. 28 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Additionally, the Regional Office of Education No. 28's funds are reported and included in our annual report.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

CAPITAL ASSETS

The Regional Office of Education No. 28's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education No. 28 maintains an inventory of capital assets which have been accumulated over time. For fiscal year 2016, total additions and retirements amounted to \$4,640 and \$17,170, respectively. Depreciation expense for fiscal year 2016 was \$12,523. The net investment in capital assets as of June 30, 2016 was \$22,919. Additional information on Bureau/Henry/Stark Counties Regional Office of Education No. 28's capital assets can be found in Note 7 on page 54 of this report.

ECONOMIC FACTORS BEARING ON BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28'S FUTURE

At the time these financial statements were prepared, the Bureau, Henry and Stark Counties Regional Office of Education No. 28 was aware of several existing circumstances that could affect its financial health in the future:

- Grant funding
- Grant proration
- Timeliness of payments

CONTACTING BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28'S FINANCIAL MANAGEMENT

This financial report is designed to provide Bureau/Henry/Stark Counties Regional Office of Education No. 28's citizens, taxpayers, customers, and creditors with a general overview of Bureau/Henry/Stark Counties Regional Office of Education No. 28's finances and to demonstrate Bureau/Henry/Stark Counties Regional Office of Education No. 28's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent of the Bureau/Henry/Stark Counties Regional Office of Education No. 28 at 107 South State Street, Atkinson, IL 61235. For a more detailed analysis and explanation of operations and programs, the complete fiscal year 2016 Annual Report is posted on the Bureau/Henry/Stark Counties Regional Office of Education No. 28's website at <http://www.bhsroe.org>.

BASIC FINANCIAL STATEMENTS

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
STATEMENT OF NET POSITION
June 30, 2016

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,049,238
Accounts receivable	21,009
Due from other governments	765,419
Total current assets	1,835,666
Non-current assets:	
Capital assets, being depreciated, net	22,919
Total assets	1,858,585
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	184,541
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	34,836
Due to other governments	194,369
Unearned revenue	15,240
Total current liabilities	244,445
Non-current liabilities:	
Compensated absences	87,608
Net pension liability	36,753
Total non-current liabilities	124,361
Total liabilities	368,806
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	47,898
NET POSITION	
Net investment in capital assets	22,919
Unrestricted	1,374,145
Restricted - other	229,358
Total net position	\$ 1,626,422

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

**BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues</u>
		<u>Charges for</u>	<u>Operating</u>	<u>and Changes in Net Position</u>
		<u>Services</u>	<u>Grants and</u>	<u>Primary Government</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Primary government:				
Governmental activities:				
Education:				
Salaries and benefits	\$ 1,286,457	\$ 6,339	\$ 1,253,689	\$ (26,429)
Pension expense	55,226	423	61,551	6,748
Purchased services	906,842	34,656	589,590	(282,596)
Supplies and materials	100,107	845	93,946	(5,316)
Payments to other governments	1,324,510	-	1,198,618	(125,892)
Other objects	38,957	-	38,957	-
Capital outlay	2,207	-	3,240	1,033
Depreciation and disposition losses	13,196	-	-	(13,196)
Administrative:				
On-behalf payments	560,256	-	-	(560,256)
On-behalf payments - pension expense	5,338	-	-	(5,338)
Total governmental activities	<u>\$ 4,293,096</u>	<u>\$ 42,263</u>	<u>\$ 3,239,591</u>	<u>(1,011,242)</u>
General revenues:				
Local sources				516,057
State sources				49,630
On-behalf payments				568,319
Total general revenue				<u>1,134,006</u>
CHANGE IN NET POSITION				122,764
NET POSITION, BEGINNING OF YEAR				<u>1,503,658</u>
NET POSITION, END OF YEAR				<u>\$ 1,626,422</u>

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2016

		Special Revenue		
	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 788,777	\$ 98,802	\$ 161,659	\$ 1,049,238
Accounts receivable	-	21,009	-	21,009
Due from other governments	61,079	703,027	1,313	765,419
Due from other funds	592,781	-	-	592,781
Total assets	1,442,637	822,838	162,972	2,428,447
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,442,637	\$ 822,838	\$ 162,972	\$ 2,428,447
LIABILITIES				
Accounts payable and accrued expenses	\$ 25,292	\$ 9,544	\$ -	\$ 34,836
Due to other governments	55,307	139,062	-	194,369
Due to other funds	175	592,606	-	592,781
Unearned revenue	-	15,240	-	15,240
Total liabilities	80,774	756,452	-	837,226
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	7,500	6,552	-	14,052
FUND BALANCE				
Restricted	-	67,931	162,972	230,903
Assigned	347,146	-	-	347,146
Unassigned	1,007,217	(8,097)	-	999,120
Total fund balance	1,354,363	59,834	162,972	1,577,169
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,442,637	\$ 822,838	\$ 162,972	\$ 2,428,447

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balance of governmental funds (page 34)	\$ 1,577,169
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.	<u>22,919</u>
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>14,052</u>
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	184,541
Deferred inflows of resources	<u>(47,898)</u>
	<u>136,643</u>
Non-current liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Compensated absences	(87,608)
Net pension liability	<u>(36,753)</u>
	<u>(124,361)</u>
Net position of governmental activities (page 32)	<u>\$ 1,626,422</u>

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
		<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
REVENUES:				
Local sources	\$ 415,742	\$ 92,815	\$ 42,263	\$ 550,820
State sources	66,732	637,525	1,313	705,570
Federal sources	75,796	2,581,685	-	2,657,481
On-behalf payments	568,319	-	-	568,319
Total revenues	<u>1,126,589</u>	<u>3,312,025</u>	<u>43,576</u>	<u>4,482,190</u>
EXPENDITURES:				
Education:				
Salaries and benefits	20,728	1,254,816	1,414	1,276,958
Pension expense	303	60,458	100	60,861
Purchased services	307,723	591,371	7,748	906,842
Supplies and materials	5,553	94,404	150	100,107
Payments to other governments	125,843	1,198,667	-	1,324,510
Other objects	-	38,957	-	38,957
On-behalf payments	560,256	-	-	560,256
On-behalf payments - pension expense	5,338	-	-	5,338
On-behalf payments - capital outlay	2,725	-	-	2,725
Capital outlay	-	4,122	-	4,122
Total expenditures	<u>1,028,469</u>	<u>3,242,795</u>	<u>9,412</u>	<u>4,280,676</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>98,120</u>	<u>69,230</u>	<u>34,164</u>	<u>201,514</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,828	-	4,828
Transfers out	(4,828)	-	-	(4,828)
Total other financing sources (uses)	<u>(4,828)</u>	<u>4,828</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	93,292	74,058	34,164	201,514
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>1,261,071</u>	<u>(14,224)</u>	<u>128,808</u>	<u>1,375,655</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,354,363</u>	<u>\$ 59,834</u>	<u>\$ 162,972</u>	<u>\$ 1,577,169</u>

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

Net change in fund balance (page 36) \$ 201,514

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	4,640
Depreciation and disposition losses	(13,196)
	(8,556)

Some receivables will not be collected for several months after fiscal year end, so they are not considered as "available" revenues in the governmental funds, and they are instead counted as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.

Current year unavailable revenue	14,052
Prior year unavailable revenue	(80,382)
	(66,330)

The current year pension contributions are reported as expenditures in the governmental funds, but are reported as deferred outflow of resources in the Statement of Net Position.

	32,088
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Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. They consist of:

Compensated absences	(9,499)
Pension expense	(26,453)
	(35,952)

Change in net position of governmental activities (page 33) **\$ 122,764**

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 71,455
Due from other governments	<u>517,168</u>
TOTAL ASSETS	<u>\$ 588,623</u>
LIABILITIES	
Due to other governments	<u>\$ 588,623</u>

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

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bureau/Henry/Stark Counties Regional Office of Education No. 28 operates under the School Code (Article 3 and 3A of Illinois Compiled Statutes, Chapter 105). The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the Regional Office of Education No. 28 and is elected to the position for a four year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The principal financial duty of the Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

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

For financial reporting purposes, Bureau/Henry/Stark Counties Regional Office of Education No. 28 has included all funds, organizations, agencies, boards, commissions and authorities. The Regional Office of Education No. 28 has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Regional Office of Education No. 28 are such that exclusion would cause the Regional Office of Education No. 28's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Regional Office of Education No. 28 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Regional Office of Education No. 28.

Bureau/Henry/Stark Counties Regional Office of Education No. 28 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the Bureau/Henry/Stark Counties Regional Office of Education No. 28 does not consider itself to be a component unit of any other entity.

Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental activities normally are supported by operating grants and contributions, charges for services and intergovernmental revenues.

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

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Bureau/Henry/Stark Counties Regional Office of Education No. 28 considers revenues to be available if they are collected within 60 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Revenues received more than 60 days after the end of the current period are reported as unavailable in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

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; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable 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.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the policy of the Bureau/Henry/Stark Counties Regional Office of Education No. 28 to have preference utilizing restricted funds first, then unrestricted. For unrestricted fund balance, committed funds are preferred to use first, then assigned, then unassigned funds (if any) as appropriate.

Fund Accounting

The accounts of Bureau/Henry/Stark Counties Regional Office of Education No. 28 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. The resources allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

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

General Funds - General Funds are the general operating funds of the Regional Office of Education No. 28. These funds account for all financial resources except those required to be accounted for in another fund. A description of the general funds are as follows:

Local - To account for transition monies provided by the closing of the Educational Service Region. This fund also accounts for on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff.

Interest Office Expense - To account for the interest income retained by the Regional Office of Education No. 28 from the Distributive Fund.

Administrators Academy - To support professional development of administrators.

Para-Professional - To provide training for teacher aides.

General State Aid - To provide general flexible state aid to schools for the support of educational services.

Standards Aligned Classroom - To support teacher teams working on alignment of a curriculum with standards.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Homeless Grant Enterprise - To ensure that homeless students receive the services they need to attend school on a regular basis despite being homeless.

Language Arts - Funds to pay for Language Arts workshops.

Math - Development money for a summer program for math teachers.

Lab Tech - To help the Regional Office of Education No. 28 in staying abreast of changing technology for the office.

Fine Arts - To provide instruction on cultural issues.

School Improvement - To provide state mandated services.

District Services - To account for receipts from school districts for establishing and performing educational enhancing activities.

Science - To provide support for science teachers.

Reading First Enterprise - This program delivers professional development opportunities for K-3 teachers, K-12 special education teachers and administrators that address the essential components of reading instruction, scientifically-based instructional programs and materials, instructional strategies, and assessment.

Registration - To transfer educators' licensure fees to ISBE.

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 which include:

Bureau County Step Ahead - To assist at-risk, non-traditional youth no longer attending school with additional education, training, and employment opportunities. This will be accomplished by providing a comprehensive program including both occupational and academic components.

Henry County Step Ahead - To promote academic achievement, employability, leadership development skills, and occupational skills training for low income Henry County youth aged 16-21 by helping youth obtain their GED through academic and work-based training and encouraging youth to become productive, contributing members of the community by acquiring the skills necessary to obtain unsubsidized employment and self-sufficiency.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Operations - To account for monies from the State of Illinois for expenditures incurred providing program services to the various districts.

Truants Alternative Optional Education Program - Initiative focusing on truancy prevention, intervention, and remediation services. The program also provides access to vital resources in order to link students with unmet needs to the community services designed to meet those needs.

Salary - To account for grant money due to the counties for services provided.

McKinney Education for Homeless Children - The Homeless Youth Connection (HYC) provides services for the educational needs of 450 homeless PK-12 students in Rock Island, Bureau, Henry and Stark counties. The goal of the program is to ensure that homeless students receive the services they need to attend school on a regular basis despite being homeless.

21st Century Community Learning Centers (Projects 10, 13, 15, 25) - Provides academic enrichment opportunities during the extended school day and extended school year. Through academic enrichment, students will receive support in developing and mastering their reading, writing, and math skills via additional learning opportunities, tutoring, and homework support.

Early Childhood Block Grant Pre-K and Parental Training - To ensure that children start school ready to learn.

Early Childhood Block Grant Prevention Initiative and Parental Training - To nurture infant/child and family development.

WIU Math and Science Partnership - A collaborative effort between the Regional Office of Education No. 28, Western Illinois University, and local high-needs LEAs to provide research based professional development to educators in the areas of math and science while integrating 21st Century Learning Skills and technology resources.

ISU Math and Science Partnership - A collaborative effort between the Regional Office of Education No. 28, Illinois State University, and local high-needs LEAs to provide research based professional development to educators in the areas of math and science while integrating 21st Century Learning Skills and technology resources.

Illinois Math and Science Partnership Project LP - A collaborative effort between the Regional Office of Education No. 28, Illinois State University, and Kewanee CUSD #229 to lead a statewide network that provides math and science professional development through a train-the-trainer model.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Teacher Mentoring and Mentoring Pilot Program - To train experienced teachers to be mentors to new teachers.

Rural School Achievement Program - The purpose of this program is to provide financial assistance to rural districts to assist them in meeting their state's definition of adequate yearly progress (AYP).

Title II Teacher Quality Leadership - This program provides professional development training to teachers for improvement of instruction in the classroom.

Regional Safe Schools - To serve eligible students who are under suspension, expulsion, or expelled and readmitted for administrative transfer to an alternative setting. The education objectives are to improve behavior, attendance, and to receive academic credit leading to graduation or return to their home school.

Teacher Induction and Mentoring - To train experienced teachers to be mentors to new teachers.

Nonmajor 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 legally restricted to expenditures for specified purposes. Non-major special revenue funds include the following:

Institute Fund - This fund accounts for the Regional Office of Education No. 28's stewardship of the assets held in trust for the benefit of the Regional Office of Education No. 28's teachers. Fees are collected from registration and renewal of teachers' licenses. Monies are expended to conduct teachers' institutes, conferences and workshops.

General Educational Development Fund - To account for the Regional Office of Education No. 28's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Bus Driver Fund - To account for the Regional Office of Education No. 28's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Hearing Fund - To account for fees collected for expenditures incurred in publishing and filing petition requests.

Supervisory Fund - To account for monies from the State of Illinois for expenditures incurred providing supervisory services in the Counties.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Fund Types - Agency Funds are used to account for assets held by the Regional Office of Education No. 28 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school districts within the Regional Office of Education No. 28's geographic responsibility have signed formal agreements which allow the Regional Office of Education No. 28 to retain any interest earned during the year.

A description of the Regional Office of Education No. 28's fiduciary funds is as follows:

Distributive Fund - To account for the pass-through of State aid monies from the Regional Office of Education No. 28 to the various school districts within the Region. At any given point in time, total fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held. Agency funds have no fund equity and do not involve measurement of revenues, expenditures, or expenses.

Distributive Interest Fund - To account for the pass-through of interest earned on the distributive fund checking account.

School Facility Occupation Tax - To account for 1 percent sales tax collected in Henry County for school facility maintenance and improvements to be distributed to the school districts within the county.

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the Regional Office of Education No. 28 receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements, in which the Regional Office of Education No. 28 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the Regional Office of Education No. 28 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Capital assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements for governmental funds. Capital assets are recorded at cost at the time of acquisition or fair value at the date of donation. The Regional Office of Education No. 28 capitalizes items costing \$500 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets.

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

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.

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

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred inflows of resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the Statement of Net Position relate to pensions and consist of the unamortized portion of the net difference between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

Governmental Fund Balance

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

Nonspendable Fund Balance - The portion of a governmental fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: General Operations, Truants Alternative Optional Education Program, Salary, McKinney Education for Homeless Children, and Regional Safe Schools. The following funds are restricted by Illinois Statute: Institute Fund, General Educational Development Fund, Bus Driver Fund, Hearing Fund, and Supervisory Fund.

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

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance - The portion of a governmental fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balances: Administrators Academy, Para-Professional, Standards Aligned Classroom, Homeless Grant Enterprise, Language Arts, Math, Lab Tech, Fine Arts, School Improvement, Science, and Reading First Enterprise.

Unassigned Fund Balance - Available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: Local, Interest Office Expense, General State Aid, District Services, Registration, Henry County Step Ahead, 21st Century Community Learning Centers Project 10, 21st Century Community Learning Centers Project 13, 21st Century Community Learning Centers Project 15, 21st Century Community Learning Centers Project 25, Early Childhood Block Grant Pre-K and Parental Training, Early Childhood Block Grant Prevention Initiative and Parental Training, WIU Math and Science Partnership, and ISU Math and Science Partnership.

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.

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.

Interfund Activity

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

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Bureau/Henry/Stark Counties Regional Office of Education No. 28 did not formally adopt a budget for the year ended June 30, 2016 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedules for the following programs: General Operations, Truants Alternative Optional Education Program, McKinney Education for Homeless Children, 21st Century Community Learning Centers Project 13, 21st Century Community Learning Centers Project 15, 21st Century Community Learning Centers Project 25, Early Childhood Block Grant Pre-K and Parental Training, Early Childhood Block Grant Prevention Initiative and Parental Training, Illinois Math and Science Partnership Project LP, Title II Teacher Quality Leadership, Regional Safe Schools, and Teacher Induction and Mentoring.

Revenue from Federal and State Grants

Revenues from Federal and State grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State are carried over to the following year project and are recorded as liabilities.

Interest Revenue

Illinois State Board of Education funds received by the Regional Office of Education No. 28 for the Distributive Fund accrue interest for the period of time between the receipt of the funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund. Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the General Fund.

Compensated Absences

Governmental Accounting Standards Board principles require employers to accrue a liability for future compensated leave benefits which meet certain conditions. The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation leave for Regional Office of Education No. 28 employees.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through November 3, 2017, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits

State regulations require that the Bureau/Henry/Stark Counties Regional Office of Education No. 28 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or pooled into investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. The *Illinois Compiled Statutes* authorize the Regional Office of Education No. 28 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Public Treasurer's Investment Pool.

The Regional Office of Education No. 28 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$1,120,693 at June 30, 2016, while the bank balance was \$2,054,920. Included in the bank balance is \$7,171 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The Regional Office of Education No. 28 owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial credit risk is the risk that in event of bank failure, the Regional Office of Education No. 28's deposits may not be returned to it. The Regional Office of Education No. 28 does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$257,171 of the deposits made by the Regional Office of Education No. 28 were covered by the Federal Depository Insurance Corporation (FDIC), and \$1,797,749 was collateralized by securities pledged by the Regional Office of Education No. 28's financial institution on behalf of the Regional Office of Education No. 28.

Credit Risk

At June 30, 2016, the Illinois Funds Money Market Fund had a Standards 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 provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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 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.

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 portfolio, with the exception of cash equivalents of U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

A reconciliation of cash is as follows:

	Carrying Amount
Cash - Primary Government	\$ 1,049,238
Cash - Agency Funds	<u>71,455</u>
Total	<u>\$ 1,120,693</u>

NOTE 3 - COMMON BANK ACCOUNT

The Regional Office of Education No. 28 does not maintain separate bank accounts for all funds. The accounting records being maintained show the portion of the common checking account balance attributable to each participating fund.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 4 - DUE FROM/TO OTHER GOVERNMENTS

The Bureau/Henry/Stark Counties Regional Office of Education No. 28 has funds due from and to various other governmental units which consist of the following:

Due From Other Governments

General Fund		
Local governments	\$	61,079
Education Fund		
Local governments		5,026
Illinois State Board of Education		698,001
Other Nonmajor Funds		
Illinois State Board of Education		1,313
Agency Funds		
Local governments		517,168
Total		<u><u>\$ 1,282,587</u></u>

Due To Other Governments

General Fund		
Local governments	\$	55,307
Education Fund		
Local governments		52,822
Illinois State Board of Education		86,240
Agency Funds		
Local governments		588,623
Total		<u><u>\$ 782,992</u></u>

NOTE 5 - DUE FROM/TO OTHER FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2016 were:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Local	\$ 57,000	\$ -
General State Aid	350,000	-
Language Arts	100,000	-
Lab Tech	85,781	-
Registration	-	175
Education Fund		
Bureau County Step Ahead	-	2,294
Henry County Step Ahead	-	16,818
General Operations	-	17,570
Truants Alternative Optional Education Program	-	4,438
McKinney Education for Homeless Children	-	4,826

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5 - DUE FROM/TO OTHER FUNDS (CONTINUED)

	<u>Due From</u>	<u>Due To</u>
21st Century Community Learning Centers Project 10	\$ -	\$ 103
21st Century Community Learning Centers Project 13	-	93,496
21st Century Community Learning Centers Project 15	-	24,261
21st Century Community Learning Centers Project 25	-	71,473
Early Childhood Block Grant Pre-K and Parental Training	-	41,325
WIU Math and Science Partnership	-	249
ISU Math and Science Partnership	-	249
Illinois Math and Science Partnership Project LP	-	315,269
Title II Teacher Quality Leadership	-	235
Total	<u>\$ 592,781</u>	<u>\$ 592,781</u>

NOTE 6 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund District Services	\$ -	\$ 4,828
Education Fund 21st Century Community Learning Centers Project 13	4,328	-
21st Century Community Learning Centers Project 15	250	-
21st Century Community Learning Centers Project 25	250	-
Total	<u>\$ 4,828</u>	<u>\$ 4,828</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Governmental Funds:				
Furniture and equipment	\$ 125,437	\$ 4,640	\$ 17,170	\$ 112,907
Less: accumulated depreciation	<u>(93,962)</u>	<u>(12,483)</u>	<u>(16,457)</u>	<u>(89,988)</u>
Capital assets, net	<u>\$ 31,475</u>	<u>\$ (7,843)</u>	<u>\$ 713</u>	<u>\$ 22,919</u>

Depreciation expense was charged as follows:

 Governmental activities:

 Education:

 Depreciation

\$ 12,483

NOTE 8 - COMPENSATED ABSENCES

The Regional Office of Education No. 28 allows vacation time for employees to be accumulated. Vacation time is calculated from the first month in which the date of hire occurred. After one year of continuous service, employees are entitled to vacation pay based upon the years of service. Upon termination employees receive pay for unused vacation earned from the previous working year. In addition, employees will receive pay for any accrued vacation earned as of the date of termination. The Regional Office of Education No. 28 records a liability associated with compensated absences. At June 30, 2016, the balance in this account was \$87,608.

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Governmental Funds:	<u>\$ 78,109</u>	<u>\$ 64,224</u>	<u>\$ 54,725</u>	<u>\$ 87,608</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 9 - EMPLOYEE BENEFIT PLAN

Illinois Municipal Retirement System

IMRF Plan Description

Bureau/Henry/Stark Counties Regional Office of Education No. 28's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. Bureau/Henry/Stark Counties Regional Office of Education No. 28's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 9 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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	3
Inactive Plan Members entitle to but not yet receiving benefits	23
Active Plan Members	28
Total	54

Contributions

As set by statute, Bureau/Henry/Stark Counties Regional Office of Education No. 28'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. Bureau/Henry/Stark Counties Regional Office of Education No. 28's annual contribution rate for calendar year 2015 was 7.84%. For the calendar year ended 2015, Bureau/Henry/Stark Counties Regional Office of Education No. 28 contributed \$67,161 to the plan. Bureau/Henry/Stark Counties Regional Office of Education No. 28 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

Bureau/Henry/Stark Counties Regional Office of Education No. 28'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 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 9 - EMPLOYEE BENEFIT PLAN (CONTINUED)

- 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 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 Allocation</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	100%	

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).

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 9 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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%.

Changes in the Net Pension (Asset) Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at December 31, 2014	\$ 1,051,548	\$ 1,096,695	\$ (45,147)
Changes for the year:			
Service cost	80,742	-	80,742
Interest on the total pension liability	80,828	-	80,828
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(16,567)	-	(16,567)
Changes of assumptions	-	-	-
Contributions - employer	-	67,161	(67,161)
Contributions - employees	-	38,549	(38,549)
Net investment income	-	(49,586)	49,586
Benefit payments, including refunds of employee contributions	(29,288)	(29,288)	-
Other (net transfer)	-	6,979	(6,979)
Net changes	<u>115,715</u>	<u>33,815</u>	<u>81,900</u>
Balances at December 31, 2015	<u>\$ 1,167,263</u>	<u>\$ 1,130,510</u>	<u>\$ 36,753</u>

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

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

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Net pension (asset) liability	\$ <u>237,655</u>	\$ <u>36,753</u>	\$ <u>(123,882)</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 9 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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

For the year ended June 30, 2016, Bureau/Henry/Stark Counties Regional Office of Education No. 28 recognized pension expense of \$60,564. At June 30, 2016, Bureau/Henry/Stark Counties Regional Office of Education No. 28 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 47,898
Changes of assumptions	25,462	-
Net difference between projected and actual earnings on pension plan investments	126,991	-
Total deferred amounts to be recognized in pension expense in future periods	152,453	47,898
Employer contributions subsequent to the measurement date	32,088	-
Total deferred amounts related to pensions	\$ 184,541	\$ 47,898

\$32,088 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.

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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 27,156
2017	27,157
2018	27,161
2019	25,266
2020	(2,185)
Total	\$ 104,555

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 10 - SALARIES AND OTHER CONTRIBUTIONS

The salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The salaries of all other employees of Bureau/Henry/Stark Counties Regional Office of Education No. 28 are paid through Henry County.

Bureau/Henry/Stark Counties Regional Office of Education No. 28, Bureau County and Stark County reimburse Henry County for salaries as well as the employer contributions made to postretirement medical plans (OPEB) and the Illinois Municipal Retirement Fund (IMRF). Postretirement medical plans (OPEB) obligations for Bureau/Henry/Stark Counties Regional Office of Education No. 28 employees are included in Henry County's postretirement medical plans (OPEB) obligation and therefore, are not separately reported by Bureau/Henry/Stark Counties Regional Office of Education No. 28. IMRF pension plan obligations for Bureau/Henry/Stark Counties Regional Office of Education No. 28 employees are segregated by IMRF and separately reported by Bureau/Henry/Stark Counties Regional Office of Education No. 28.

NOTE 11 - ON-BEHALF PAYMENTS

The breakdown of the on-behalf payments by the State of Illinois for the Regional Superintendent and the Assistant Regional Superintendent of the Bureau/Henry/Stark Counties Regional Office of Education No. 28 are as follows:

Regional Superintendent - salary	\$ 107,208
Regional Superintendent - benefits (includes state paid insurance)	38,801
Assistant Regional Superintendent - salary	96,492
Assistant Regional Superintendent - benefits (includes state paid insurance)	34,639
County on-behalf payments	<u>291,179</u>
Total on-behalf payments	<u>\$ 568,319</u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

The Bureau/Henry/Stark Counties Regional Office of Education No. 28 recorded the on-behalf payments as both revenues and expenditures in the General Fund.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 12 - DEFICIT FUND BALANCES

At June 30, 2016, the following funds had deficit fund balances. They are expected to correct themselves in 2017, through payments from the State and transfers from local funds.

General Fund	
Registration	\$ (175)
Education Fund	
Henry County Step Ahead	(132)
21st Century Community Learning Centers Project 10	(103)
21st Century Community Learning Centers Project 13	(2,835)
21st Century Community Learning Centers Project 15	(1,875)
21st Century Community Learning Centers Project 25	(1,820)
Early Childhood Block Grant Pre-K and Parental Training	(773)
Early Childhood Block Grant Prevention Initiative and Parental Training	(61)
WIU Math and Science Partnership	(249)
ISU Math and Science Partnership	(249)

NOTE 13 - LEASE COMMITMENT

Bureau/Henry/Stark Counties Regional Office of Education No. 28 is committed under a lease agreement for a building facility located in Atkinson, IL. An agreement commencing on May 1, 2014 and extending to June 30, 2016 required quarterly lease payments of \$7,500. Rental expense for the year ended June 30, 2016 was \$30,000.

Bureau/Henry/Stark Counties Regional Office of Education No. 28 is committed under a lease agreement for a building facility located in Kewanee, IL. The agreement commenced on July 1, 2009 and automatically renews for successive one year periods unless either party has given written notice of intent not to renew sixty days prior to the expiration of the then-current term. The lease requires monthly lease payments of \$400. Rental expense for the year ended June 30, 2016 was \$4,800.

Future minimum payments under operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ <u>4,800</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 14 - RISK MANAGEMENT

Bureau/Henry/Stark Counties Regional Office of Education No. 28 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Bureau/Henry/Stark Counties Regional Office of Education No. 28 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 15 - NEW PRONOUNCEMENTS

In 2016, Bureau/Henry/Stark Counties Regional Office of Education No. 28 implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB 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*; and GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

This information is an integral part of the accompanying financial statements.

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY AND RELATED RATIOS
ILLINIOS MUNICIPAL RETIREMENT FUND
LAST TWO CALENDAR YEARS

Calendar year ended December 31,	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 80,742	\$ 98,892
Interest on the total pension liability	80,828	71,794
Changes of benefit terms	-	-
Differences between expected and actual experience of the total pension liability	(16,567)	(55,412)
Changes of assumptions	-	40,962
Benefit payments, including refunds of employee contributions	<u>(29,288)</u>	<u>(24,570)</u>
Net change in total pension liability	115,715	131,666
Total pension liability - beginning	<u>1,051,548</u>	<u>919,882</u>
Total pension liability - ending (A)	<u>\$ 1,167,263</u>	<u>\$ 1,051,548</u>
Plan fiduciary net position		
Contributions - employer	\$ 67,161	\$ 59,476
Contributions - employees	38,549	41,007
Net investment income	(49,586)	41,054
Benefit payments, including refunds of employee contributions	(29,288)	(24,570)
Other (net transfer)	<u>6,979</u>	<u>(542)</u>
Net change in plan fiduciary net position	33,815	116,425
Plan fiduciary net position - beginning	<u>1,096,695</u>	<u>980,270</u>
Plan fiduciary net position - ending (B)	<u>\$ 1,130,510</u>	<u>\$ 1,096,695</u>
Net pension (asset) liability - ending (A) - (B)	<u>\$ 36,753</u>	<u>\$ (45,147)</u>
Plan fiduciary net position as a percentage of the total pension liability	96.85%	104.29%
Covered valuation payroll	\$ 856,647	\$ 730,915
Net pension (asset) liability as a percentage of covered valuation payroll	4.29%	-6.18%

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.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST TWO CALENDAR YEARS**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 51,237	\$ 59,476	\$ (8,239)	\$ 730,915	8.14%
2015	67,161	67,161	-	856,647	7.84

Notes to Schedule:

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.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	28-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16.00%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 13, 2013, actuarial valuation; note two year lag between valuation and rate setting.

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

SUPPLEMENTARY INFORMATION

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2016

SCHEDULE 1

	<u>Local</u>	<u>Interest Office Expense</u>	<u>Administrators Academy</u>	<u>Para- Professional</u>	<u>General State Aid</u>	<u>Standards Aligned Classroom</u>
ASSETS						
Cash and cash equivalents	\$ 229	\$ 43,021	\$ 58,635	\$ 10,514	\$ 23,435	\$ 21,710
Due from other governments	-	-	-	-	-	-
Due from other funds	<u>57,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Total assets	<u>57,229</u>	<u>43,021</u>	<u>58,635</u>	<u>10,514</u>	<u>373,435</u>	<u>21,710</u>
DEFERRED OUTFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 57,229</u>	<u>\$ 43,021</u>	<u>\$ 58,635</u>	<u>\$ 10,514</u>	<u>\$ 373,435</u>	<u>\$ 21,710</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	245	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Assigned	-	-	58,635	10,514	-	21,710
Unassigned	<u>57,229</u>	<u>43,021</u>	<u>-</u>	<u>-</u>	<u>373,190</u>	<u>-</u>
Total fund balance (deficit)	<u>57,229</u>	<u>43,021</u>	<u>58,635</u>	<u>10,514</u>	<u>373,190</u>	<u>21,710</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 57,229</u>	<u>\$ 43,021</u>	<u>\$ 58,635</u>	<u>\$ 10,514</u>	<u>\$ 373,435</u>	<u>\$ 21,710</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2016

SCHEDULE 1
(CONTINUED)

	<u>Homeless Grant Enterprise</u>	<u>Language Arts</u>	<u>Math</u>	<u>Lab Tech</u>	<u>Fine Arts</u>	<u>School Improvement</u>
ASSETS						
Cash and cash equivalents	\$ 21	\$ 10,369	\$ 2,559	\$ 6,746	\$ 18,885	\$ 25,184
Due from other governments	-	-	-	-	-	-
Due from other funds	-	100,000	-	85,781	-	-
Total assets	<u>21</u>	<u>110,369</u>	<u>2,559</u>	<u>92,527</u>	<u>18,885</u>	<u>25,184</u>
DEFERRED OUTFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21</u>	<u>\$ 110,369</u>	<u>\$ 2,559</u>	<u>\$ 92,527</u>	<u>\$ 18,885</u>	<u>\$ 25,184</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ 31	\$ 29	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>31</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Assigned	21	110,338	2,530	92,527	18,885	25,184
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	<u>21</u>	<u>110,338</u>	<u>2,530</u>	<u>92,527</u>	<u>18,885</u>	<u>25,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 21</u>	<u>\$ 110,369</u>	<u>\$ 2,559</u>	<u>\$ 92,527</u>	<u>\$ 18,885</u>	<u>\$ 25,184</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2016

SCHEDULE 1
(CONTINUED)

	<u>District Services</u>	<u>Science</u>	<u>Reading First Enterprise</u>	<u>Registration</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 560,667	\$ 3,527	\$ 3,275	\$ -	\$ 788,777
Due from other governments	61,079	-	-	-	61,079
Due from other funds	-	-	-	-	592,781
Total assets	621,746	3,527	3,275	-	1,442,637
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 621,746	\$ 3,527	\$ 3,275	\$ -	\$ 1,442,637
LIABILITIES					
Accounts payable and accrued expenses	\$ 25,232	\$ -	\$ -	\$ -	\$ 25,292
Due to other governments	55,062	-	-	-	55,307
Due to other funds	-	-	-	175	175
Total liabilities	80,294	-	-	175	80,774
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	7,500	-	-	-	7,500
FUND BALANCE (DEFICIT)					
Assigned	-	3,527	3,275	-	347,146
Unassigned	533,952	-	-	(175)	1,007,217
Total fund balance (deficit)	533,952	3,527	3,275	(175)	1,354,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 621,746	\$ 3,527	\$ 3,275	\$ -	\$ 1,442,637

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2016

SCHEDULE 2

	<u>Local</u>	<u>Interest Office Expense</u>	<u>Administrators Academy</u>	<u>Para- Professional</u>	<u>General State Aid</u>	<u>Standards Aligned Classroom</u>
REVENUES:						
Local sources	\$ 2,620	\$ -	\$ 10,382	\$ 2,461	\$ 716	\$ 45
State sources	-	-	-	-	66,732	-
Federal sources	-	-	-	-	-	-
On-behalf payments	568,319	-	-	-	-	-
Total revenues	<u>570,939</u>	<u>-</u>	<u>10,382</u>	<u>2,461</u>	<u>67,448</u>	<u>45</u>
EXPENDITURES:						
Education:						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Pension expense	-	-	-	-	-	-
Purchased services	1,811	-	8,547	1,925	3,234	-
Supplies and materials	698	-	590	-	216	-
Payments to other governments	-	-	-	-	11,411	-
On-behalf payments	560,256	-	-	-	-	-
On-behalf payments - pension expense	5,338	-	-	-	-	-
On-behalf payments - capital outlay	2,725	-	-	-	-	-
Total expenditures	<u>570,828</u>	<u>-</u>	<u>9,137</u>	<u>1,925</u>	<u>14,861</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	111	-	1,245	536	52,587	45
OTHER FINANCING USES:						
Transfers out	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	111	-	1,245	536	52,587	45
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>57,118</u>	<u>43,021</u>	<u>57,390</u>	<u>9,978</u>	<u>320,603</u>	<u>21,665</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 57,229</u>	<u>\$ 43,021</u>	<u>\$ 58,635</u>	<u>\$ 10,514</u>	<u>\$ 373,190</u>	<u>\$ 21,710</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2016

SCHEDULE 2
(CONTINUED)

	Homeless Grant Enterprise	Language Arts	Math	Lab Tech	Fine Arts	School Improvement
REVENUES:						
Local sources	\$ -	\$ 18,127	\$ 5,533	\$ 187	\$ 38	\$ 51
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-
Total revenues	-	18,127	5,533	187	38	51
EXPENDITURES:						
Education:						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Pension expense	-	-	-	-	-	-
Purchased services	-	13,853	7,765	-	-	-
Supplies and materials	-	582	332	-	-	-
Payments to other governments	-	115	15	-	-	-
On-behalf payments	-	-	-	-	-	-
On-behalf payments - pension expense	-	-	-	-	-	-
On-behalf payments - capital outlay	-	-	-	-	-	-
Total expenditures	-	14,550	8,112	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	3,577	(2,579)	187	38	51
OTHER FINANCING USES:						
Transfers out	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	-	3,577	(2,579)	187	38	51
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	21	106,761	5,109	92,340	18,847	25,133
FUND BALANCE (DEFICIT), END OF YEAR	\$ 21	\$ 110,338	\$ 2,530	\$ 92,527	\$ 18,885	\$ 25,184

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2016

SCHEDULE 2
(CONTINUED)

	<u>District Services</u>	<u>Science</u>	<u>Reading First Enterprise</u>	<u>Registration</u>	<u>Total</u>
REVENUES:					
Local sources	\$ 375,568	\$ 7	\$ 7	\$ -	\$ 415,742
State sources	-	-	-	-	66,732
Federal sources	75,796	-	-	-	75,796
On-behalf payments	-	-	-	-	568,319
Total revenues	<u>451,364</u>	<u>7</u>	<u>7</u>	<u>-</u>	<u>1,126,589</u>
EXPENDITURES:					
Education:					
Salaries	13,524	-	-	-	13,524
Benefits	7,204	-	-	-	7,204
Pension expense	303	-	-	-	303
Purchased services	270,588	-	-	-	307,723
Supplies and materials	3,135	-	-	-	5,553
Payments to other governments	114,302	-	-	-	125,843
On-behalf payments	-	-	-	-	560,256
On-behalf payments - pension expense	-	-	-	-	5,338
On-behalf payments - capital outlay	-	-	-	-	2,725
Total expenditures	<u>409,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,308	7	7	-	98,120
OTHER FINANCING USES:					
Transfers out	<u>(4,828)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,828)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	37,480	7	7	-	93,292
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>496,472</u>	<u>3,520</u>	<u>3,268</u>	<u>(175)</u>	<u>1,261,071</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 533,952</u>	<u>\$ 3,527</u>	<u>\$ 3,275</u>	<u>\$ (175)</u>	<u>\$ 1,354,363</u>

**BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2016**

	<u>Bureau County Step Ahead</u>	<u>Henry County Step Ahead</u>	<u>General Operations</u>	<u>Truants Alternative Optional Education Program</u>	<u>Salary</u>	<u>McKinney Education for Homeless Children</u>	<u>21st Century Community Learning Centers Project 10</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 360	\$ -	\$ -
Accounts receivable	2,602	18,407	-	-	-	-	-
Due from other governments	-	-	74,104	5,132	-	5,026	-
Total assets	<u>2,602</u>	<u>18,407</u>	<u>74,104</u>	<u>5,132</u>	<u>360</u>	<u>5,026</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,602</u>	<u>\$ 18,407</u>	<u>\$ 74,104</u>	<u>\$ 5,132</u>	<u>\$ 360</u>	<u>\$ 5,026</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ -	\$ 883	\$ 293	\$ -	\$ -	\$ -	\$ -
Due to other governments	308	838	-	670	-	132	-
Due to other funds	2,294	16,818	17,570	4,438	-	4,826	103
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>2,602</u>	<u>18,539</u>	<u>17,863</u>	<u>5,108</u>	<u>-</u>	<u>4,958</u>	<u>103</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)							
Restricted	-	-	56,241	24	360	68	-
Unassigned	-	(132)	-	-	-	-	(103)
Total fund balance (deficit)	<u>-</u>	<u>(132)</u>	<u>56,241</u>	<u>24</u>	<u>360</u>	<u>68</u>	<u>(103)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 2,602</u>	<u>\$ 18,407</u>	<u>\$ 74,104</u>	<u>\$ 5,132</u>	<u>\$ 360</u>	<u>\$ 5,026</u>	<u>\$ -</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2016

	21st Century Community Learning Centers Project 13	21st Century Community Learning Centers Project 15	21st Century Community Learning Centers Project 25	Early Childhood Block Grant Pre-K and Parental Training	Early Childhood Block Grant Prevention Initiative and Parental Training	WIU Math and Science Partnership
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 11,496	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	104,860	32,585	76,405	43,117	-	-
Total assets	104,860	32,585	76,405	43,117	11,496	-
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 104,860	\$ 32,585	\$ 76,405	\$ 43,117	\$ 11,496	\$ -
LIABILITIES						
Accounts payable and accrued expenses	\$ 867	\$ 5,244	\$ 607	\$ 135	\$ 1,287	\$ -
Due to other governments	11,237	3,080	4,270	1,723	392	-
Due to other funds	93,496	24,261	71,473	41,325	-	249
Unearned revenue	-	-	-	-	9,878	-
Total liabilities	105,600	32,585	76,350	43,183	11,557	249
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	2,095	1,875	1,875	707	-	-
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	-	-
Unassigned	(2,835)	(1,875)	(1,820)	(773)	(61)	(249)
Total fund balance (deficit)	(2,835)	(1,875)	(1,820)	(773)	(61)	(249)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 104,860	\$ 32,585	\$ 76,405	\$ 43,117	\$ 11,496	\$ -

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2016

	ISU Math and Science Partnership	Illinois Math and Science Partnership Project LP	Teacher Mentoring and Mentoring Pilot Program	Rural School Achievement Program	Title II Teacher Quality Leadership	Regional Safe Schools	Teacher Induction and Mentoring	Totals
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 3,565	\$ -	\$ -	\$ 172	\$ 83,209	\$ 98,802
Accounts receivable	-	-	-	-	-	-	-	21,009
Due from other governments	-	350,497	-	-	235	11,066	-	703,027
Total assets	-	350,497	3,565	-	235	11,238	83,209	822,838
DEFERRED OUTFLOWS OF RESOURCES								
None	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 350,497	\$ 3,565	\$ -	\$ 235	\$ 11,238	\$ 83,209	\$ 822,838
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ 228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,544
Due to other governments	-	35,000	-	-	-	-	81,412	139,062
Due to other funds	249	315,269	-	-	235	-	-	592,606
Unearned revenue	-	-	3,565	-	-	-	1,797	15,240
Total liabilities	249	350,497	3,565	-	235	-	83,209	756,452
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	6,552
FUND BALANCE (DEFICIT)								
Restricted	-	-	-	-	-	11,238	-	67,931
Unassigned	(249)	-	-	-	-	-	-	(8,097)
Total fund balance (deficit)	(249)	-	-	-	-	11,238	-	59,834
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ -	\$ 350,497	\$ 3,565	\$ -	\$ 235	\$ 11,238	\$ 83,209	\$ 822,838

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2016

SCHEDULE 4

	<u>Bureau County Step Ahead</u>	<u>Henry County Step Ahead</u>	<u>General Operations</u>	<u>Truants Alternative Optional Education Program</u>	<u>Salary</u>	<u>McKinney Education for Homeless Children</u>	<u>21st Century Community Learning Centers Project 10</u>
REVENUES:							
Local sources	\$ -	\$ 92,814	\$ -	\$ -	\$ 1	\$ -	\$ -
State sources	-	-	74,104	72,172	-	-	-
Federal sources	43,058	-	-	-	-	15,454	-
Total revenues	<u>43,058</u>	<u>92,814</u>	<u>74,104</u>	<u>72,172</u>	<u>1</u>	<u>15,454</u>	<u>-</u>
EXPENDITURES:							
Education:							
Salaries	25,158	55,481	2,454	52,115	-	6,605	-
Benefits	7,174	15,737	188	7,430	-	1,647	-
Pension expense	1,904	4,206	-	3,966	-	502	-
Purchased services	6,137	14,733	5,315	6,958	-	2,888	-
Supplies and materials	2,560	2,527	5,321	1,703	-	3,562	-
Payment to other governments	-	-	59,932	-	-	250	-
Other objects	-	-	894	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>42,933</u>	<u>92,684</u>	<u>74,104</u>	<u>72,172</u>	<u>-</u>	<u>15,454</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	125	130	-	-	1	-	-
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	125	130	-	-	1	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(125)</u>	<u>(262)</u>	<u>56,241</u>	<u>24</u>	<u>359</u>	<u>68</u>	<u>(103)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (132)</u>	<u>\$ 56,241</u>	<u>\$ 24</u>	<u>\$ 360</u>	<u>\$ 68</u>	<u>\$ (103)</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2016

SCHEDULE 4
(CONTINUED)

	21st Century Community Learning Centers <u>Project 13</u>	21st Century Community Learning Centers <u>Project 15</u>	21st Century Community Learning Centers <u>Project 25</u>	Early Childhood Block Grant Pre-K and Parental <u>Training</u>	Early Childhood Block Grant Prevention Initiative and <u>Parental Training</u>	WIU Math and Science <u>Partnership</u>
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	286,482	136,380	-
Federal sources	<u>667,588</u>	<u>406,395</u>	<u>451,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>667,588</u>	<u>406,395</u>	<u>451,422</u>	<u>286,482</u>	<u>136,380</u>	<u>-</u>
EXPENDITURES:						
Education:						
Salaries	257,628	140,096	190,197	44,983	85,433	-
Benefits	59,470	34,267	46,791	3,442	25,628	-
Pension expense	18,156	9,223	12,199	3,445	5,989	-
Purchased services	27,533	18,524	14,575	22,223	10,353	-
Supplies and materials	21,556	20,852	20,599	3,637	3,090	-
Payment to other governments	267,111	175,724	163,476	207,519	5,888	-
Other objects	22,557	9,851	5,655	-	-	-
Capital outlay	-	-	-	2,005	-	-
Total expenditures	<u>674,011</u>	<u>408,537</u>	<u>453,492</u>	<u>287,254</u>	<u>136,381</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,423)	(2,142)	(2,070)	(772)	(1)	-
OTHER FINANCING SOURCES:						
Transfers in	<u>4,328</u>	<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(2,095)	(1,892)	(1,820)	(772)	(1)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(740)</u>	<u>17</u>	<u>-</u>	<u>(1)</u>	<u>(60)</u>	<u>(249)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (2,835)</u>	<u>\$ (1,875)</u>	<u>\$ (1,820)</u>	<u>\$ (773)</u>	<u>\$ (61)</u>	<u>\$ (249)</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2016

SCHEDULE 4
(CONTINUED)

	<u>ISU Math and Science Partnership</u>	<u>Illinois Math and Science Partnership Project LP</u>	<u>Teacher Mentoring and Mentoring Pilot Program</u>	<u>Rural School Achievement Program</u>	<u>Title II Teacher Quality Leadership</u>	<u>Regional Safe Schools</u>	<u>Teacher Induction and Mentoring</u>	<u>Totals</u>
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,815
State sources	-	-	-	-	-	66,396	1,991	637,525
Federal sources	-	975,609	-	19,924	2,235	-	-	2,581,685
Total revenues	<u>-</u>	<u>975,609</u>	<u>-</u>	<u>19,924</u>	<u>2,235</u>	<u>66,396</u>	<u>1,991</u>	<u>3,312,025</u>
EXPENDITURES:								
Education:								
Salaries	-	128,000	-	-	35	11,315	-	999,500
Benefits	-	52,676	-	-	-	866	-	255,316
Pension expense	-	-	-	-	-	868	-	60,458
Purchased services	-	441,334	-	-	2,200	17,767	831	591,371
Supplies and materials	-	8,202	-	-	-	795	-	94,404
Payment to other governments	-	262,898	-	19,924	-	34,785	1,160	1,198,667
Other objects	-	-	-	-	-	-	-	38,957
Capital outlay	-	2,117	-	-	-	-	-	4,122
Total expenditures	<u>-</u>	<u>895,227</u>	<u>-</u>	<u>19,924</u>	<u>2,235</u>	<u>66,396</u>	<u>1,991</u>	<u>3,242,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	80,382	-	-	-	-	-	69,230
OTHER FINANCING SOURCES:								
Transfers in	-	-	-	-	-	-	-	4,828
NET CHANGE IN FUND BALANCE (DEFICIT)	-	80,382	-	-	-	-	-	74,058
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(249)</u>	<u>(80,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,238</u>	<u>-</u>	<u>(14,224)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (249)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,238</u>	<u>\$ -</u>	<u>\$ 59,834</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2016

	General Operations				Truants Alternative Optional Education Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	74,030	74,104	74,104	-	79,870	79,870	72,172	(7,698)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>74,030</u>	<u>74,104</u>	<u>74,104</u>	<u>-</u>	<u>79,870</u>	<u>79,870</u>	<u>72,172</u>	<u>(7,698)</u>
EXPENDITURES:								
Education:								
Salaries	-	-	2,454	(2,454)	-	-	52,115	(52,115)
Benefits	-	-	188	(188)	-	-	7,430	(7,430)
Pension expense	-	-	-	-	-	-	3,966	(3,966)
Purchased services	4,375	4,449	5,315	(866)	9,179	9,179	6,958	2,221
Supplies and materials	4,000	4,000	5,321	(1,321)	1,331	1,331	1,703	(372)
Payments to other governments	64,155	64,155	59,932	4,223	69,360	69,360	-	69,360
Other objects	500	500	894	(394)	-	-	-	-
Capital outlay	1,000	1,000	-	1,000	-	-	-	-
Total expenditures	<u>74,030</u>	<u>74,104</u>	<u>74,104</u>	<u>-</u>	<u>79,870</u>	<u>79,870</u>	<u>72,172</u>	<u>7,698</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES:								
Transfers in			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			-				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>56,241</u>				<u>24</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ 56,241</u>				<u>\$ 24</u>	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	McKinney Education for Homeless Children				21st Century Community Learning Centers Project 13			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	15,454	18,327	15,454	(2,873)	899,568	899,568	667,588	(231,980)
Total revenues	15,454	18,327	15,454	(2,873)	899,568	899,568	667,588	(231,980)
EXPENDITURES:								
Education:								
Salaries	-	-	6,605	(6,605)	336,557	336,557	257,628	78,929
Benefits	-	-	1,647	(1,647)	106,196	106,196	59,470	46,726
Pension expense	-	-	502	(502)	-	-	18,156	(18,156)
Purchased services	3,250	3,278	2,888	390	44,739	44,739	27,533	17,206
Supplies and materials	3,469	3,478	3,562	(84)	62,647	59,769	21,556	38,213
Payments to other governments	8,735	11,571	250	11,321	327,808	327,808	267,111	60,697
Other objects	-	-	-	-	21,621	24,499	22,557	1,942
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	15,454	18,327	15,454	2,873	899,568	899,568	674,011	225,557
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	-	\$ -	\$ -	\$ -	(6,423)	\$ (6,423)
OTHER FINANCING SOURCES:								
Transfers in			-				4,328	
NET CHANGE IN FUND BALANCE (DEFICIT)			-				(2,095)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			68				(740)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ 68				\$ (2,835)	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	21st Century Community Learning Centers Project 15				21st Century Community Learning Centers Project 25			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	499,090	499,090	406,395	(92,695)	535,354	535,354	451,422	(83,932)
Total revenues	499,090	499,090	406,395	(92,695)	535,354	535,354	451,422	(83,932)
EXPENDITURES:								
Education:								
Salaries	163,646	163,646	140,096	23,550	199,984	199,984	190,197	9,787
Benefits	49,986	49,986	34,267	15,719	62,479	62,479	46,791	15,688
Pension expense	-	-	9,223	(9,223)	-	-	12,199	(12,199)
Purchased services	32,600	32,600	18,524	14,076	25,282	25,282	14,575	10,707
Supplies and materials	51,901	47,811	20,852	26,959	34,402	25,411	20,599	4,812
Payments to other governments	191,457	191,457	175,724	15,733	207,641	207,641	163,476	44,165
Other objects	9,500	13,590	9,851	3,739	5,566	14,557	5,655	8,902
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	499,090	499,090	408,537	90,553	535,354	535,354	453,492	81,862
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	(2,142)	\$ (2,142)	\$ -	\$ -	(2,070)	\$ (2,070)
OTHER FINANCING SOURCES:								
Transfers in			250				250	
NET CHANGE IN FUND BALANCE (DEFICIT)			(1,892)				(1,820)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			17				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (1,875)				\$ (1,820)	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	Early Childhood Block Grant Pre-K and Parental Training				Early Childhood Block Grant Prevention Initiative and Parental Training			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	296,874	296,874	286,482	(10,392)	162,846	162,846	136,380	(26,466)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>296,874</u>	<u>296,874</u>	<u>286,482</u>	<u>(10,392)</u>	<u>162,846</u>	<u>162,846</u>	<u>136,380</u>	<u>(26,466)</u>
EXPENDITURES:								
Education:								
Salaries	-	-	44,983	(44,983)	-	-	85,433	(85,433)
Benefits	-	-	3,442	(3,442)	-	-	25,628	(25,628)
Pension expense	-	-	3,445	(3,445)	-	-	5,989	(5,989)
Purchased services	23,738	23,738	22,223	1,515	15,775	15,775	10,353	5,422
Supplies and materials	3,441	3,441	3,637	(196)	4,851	4,851	3,090	1,761
Payments to other governments	267,195	267,195	207,519	59,676	142,220	142,220	5,888	136,332
Other objects	-	-	-	-	-	-	-	-
Capital outlay	2,500	2,500	2,005	495	-	-	-	-
Total expenditures	<u>296,874</u>	<u>296,874</u>	<u>287,254</u>	<u>9,620</u>	<u>162,846</u>	<u>162,846</u>	<u>136,381</u>	<u>26,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>(772)</u>	<u>\$ (772)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
OTHER FINANCING SOURCES:								
Transfers in			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			(772)				(1)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1)				(60)	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (773)</u>				<u>\$ (61)</u>	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	Illinois Math and Science Partnership Project LP				Title II Teacher Quality Leadership			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	946,435	946,435	975,609	29,174	2,235	2,235	2,235	-
Total revenues	946,435	946,435	975,609	29,174	2,235	2,235	2,235	-
EXPENDITURES:								
Education:								
Salaries	-	-	128,000	(128,000)	35	35	35	-
Benefits	-	-	52,676	(52,676)	-	-	-	-
Pension expense	-	-	-	-	-	-	-	-
Purchased services	608,068	348,394	441,334	(92,940)	2,200	2,200	2,200	-
Supplies and materials	18,752	15,840	8,202	7,638	-	-	-	-
Payments to other governments	319,615	546,471	262,898	283,573	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Capital outlay	-	35,730	2,117	33,613	-	-	-	-
Total expenditures	946,435	946,435	895,227	51,208	2,235	2,235	2,235	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	80,382	\$ 80,382	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES:								
Transfers in			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			80,382				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(80,382)				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ -	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

	Regional Safe Schools				Teacher Induction and Mentoring			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	66,396	66,396	66,396	-	85,200	85,200	1,991	(83,209)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>66,396</u>	<u>66,396</u>	<u>66,396</u>	<u>-</u>	<u>85,200</u>	<u>85,200</u>	<u>1,991</u>	<u>(83,209)</u>
EXPENDITURES:								
Education:								
Salaries	-	-	11,315	(11,315)	-	-	-	-
Benefits	-	-	866	(866)	-	-	-	-
Pension expense	-	-	868	(868)	-	-	-	-
Purchased services	11,073	16,877	17,767	(890)	44,073	44,073	831	43,242
Supplies and materials	1,206	1,206	795	411	6,207	6,207	-	6,207
Payments to other governments	54,117	48,313	34,785	13,528	34,920	34,920	1,160	33,760
Other objects	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>66,396</u>	<u>66,396</u>	<u>66,396</u>	<u>-</u>	<u>85,200</u>	<u>85,200</u>	<u>1,991</u>	<u>83,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES:								
Transfers in			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			-				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>11,238</u>				<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ 11,238</u>				<u>\$ -</u>	

**BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2016**

	<u>Institute Fund</u>	<u>General Educational Development Fund</u>	<u>Bus Driver Fund</u>	<u>Hearing Fund</u>	<u>Supervisory Fund</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 135,936	\$ 2,895	\$ 16,997	\$ 4,841	\$ 990	\$ 161,659
Due from other governments	<u>-</u>	<u>-</u>	<u>1,313</u>	<u>-</u>	<u>-</u>	<u>1,313</u>
Total assets	135,936	2,895	18,310	4,841	990	162,972
DEFERRED OUTFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 135,936</u>	<u>\$ 2,895</u>	<u>\$ 18,310</u>	<u>\$ 4,841</u>	<u>\$ 990</u>	<u>\$ 162,972</u>
LIABILITIES						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES						
None	-	-	-	-	-	-
FUND BALANCE						
Restricted	<u>135,936</u>	<u>2,895</u>	<u>18,310</u>	<u>4,841</u>	<u>990</u>	<u>162,972</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 135,936</u>	<u>\$ 2,895</u>	<u>\$ 18,310</u>	<u>\$ 4,841</u>	<u>\$ 990</u>	<u>\$ 162,972</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2016

SCHEDULE 7

	<u>Institute Fund</u>	<u>General Educational Development Fund</u>	<u>Bus Driver Fund</u>	<u>Hearing Fund</u>	<u>Supervisory Fund</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 31,682	\$ 1,820	\$ 3,245	\$ 5,516	\$ -	\$ 42,263
State sources	-	-	1,313	-	-	1,313
Total revenues	<u>31,682</u>	<u>1,820</u>	<u>4,558</u>	<u>5,516</u>	<u>-</u>	<u>43,576</u>
EXPENDITURES:						
Education:						
Salaries	-	1,313	-	-	-	1,313
Benefits	-	101	-	-	-	101
Pension expense	-	100	-	-	-	100
Purchased services	639	34	2,229	3,937	909	7,748
Supplies and materials	-	-	-	-	150	150
Total expenditures	<u>639</u>	<u>1,548</u>	<u>2,229</u>	<u>3,937</u>	<u>1,059</u>	<u>9,412</u>
NET CHANGE IN FUND BALANCE	31,043	272	2,329	1,579	(1,059)	34,164
FUND BALANCE, BEGINNING OF YEAR	<u>104,893</u>	<u>2,623</u>	<u>15,981</u>	<u>3,262</u>	<u>2,049</u>	<u>128,808</u>
FUND BALANCE, END OF YEAR	<u>\$ 135,936</u>	<u>\$ 2,895</u>	<u>\$ 18,310</u>	<u>\$ 4,841</u>	<u>\$ 990</u>	<u>\$ 162,972</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016

	<u>Distributive Fund</u>	<u>Distributive Interest Fund</u>	<u>School Facility Occupation Tax</u>	<u>Total</u>
ASSETS				
Cash (overdraft) and cash equivalents	\$ 50,327	\$ 21,129	\$ (1)	\$ 71,455
Due from other governments	-	-	517,168	517,168
TOTAL ASSETS	<u>\$ 50,327</u>	<u>\$ 21,129</u>	<u>\$ 517,167</u>	<u>\$ 588,623</u>
LIABILITIES				
Due to other governments	<u>\$ 50,327</u>	<u>\$ 21,129</u>	<u>\$ 517,167</u>	<u>\$ 588,623</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2016

	<u>Balance,</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2016</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 54,652	\$ 38,478,402	\$ 38,482,727	\$ 50,327
LIABILITIES				
Due to other governments	\$ 54,652	\$ 38,478,402	\$ 38,482,727	\$ 50,327
DISTRIBUTIVE INTEREST FUND				
ASSETS				
Cash and cash equivalents	\$ 19,405	\$ 1,965	\$ 241	\$ 21,129
LIABILITIES				
Due to other governments	\$ 19,405	\$ 1,965	\$ 241	\$ 21,129
SCHOOL FACILITY OCCUPATION TAX				
ASSETS				
Cash (overdraft) and cash equivalents	\$ (1)	\$ 3,088,307	\$ 3,088,307	\$ (1)
Due from other governments	534,833	517,168	534,833	517,168
TOTAL ASSETS	<u>\$ 534,832</u>	<u>\$ 3,605,475</u>	<u>\$ 3,623,140</u>	<u>\$ 517,167</u>
LIABILITIES				
Due to other governments	\$ 534,832	\$ 3,605,475	\$ 3,623,140	\$ 517,167
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 74,056	\$ 41,568,674	\$ 41,571,275	\$ 71,455
Due from other governments	534,833	517,168	534,833	517,168
TOTAL ASSETS	<u>\$ 608,889</u>	<u>\$ 42,085,842</u>	<u>\$ 42,106,108</u>	<u>\$ 588,623</u>
LIABILITIES				
Due to other governments	\$ 608,889	\$ 42,085,842	\$ 42,106,108	\$ 588,623

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES
 Year Ended June 30, 2016

SCHEDULE 10

<u>Program</u>	<u>Bradford CUSD #1</u>	<u>Erie CUSD #1</u>	<u>PLT CUSD #3</u>	<u>United Township HSD #30</u>	<u>LADD G.S. SD #94</u>	<u>Stark County CUSD #100</u>	<u>Colona Elementary SD #190</u>
General State Aid 3001	\$ 186,105	\$ -	\$ -	\$ -	\$ 398,757	\$ 1,196,149	\$ 1,665,779
General State Aid Loss Limit 3002	-	-	-	-	-	-	49,550
Reorganization Incentive 3010	-	-	-	-	9,163	-	-
Reorganization Incentive 3015	-	-	-	-	5,408	-	-
Reorganization Incentive 3020	-	-	-	-	57,761	-	-
Education Fax. Tuition 3100	12,234	-	-	-	-	55,141	-
Education Extraordinary 3105	31,818	-	-	-	27,777	92,455	57,731
Education Personnel 3110	33,085	-	-	-	31,073	82,351	63,222
Orphanage Group 3120	585	-	-	-	-	22,510	3,036
Sp Ed Orphans & Foster 3130	-	-	-	-	-	-	-
Education Summer School 3145	-	-	-	-	-	-	403
Vocational Education 3225	-	-	-	-	-	-	-
Agricultural Education 3235	-	-	-	-	-	2,106	-
Bilingual Education 3305	-	-	-	-	-	2,037	-
Illinois Free Lunch 3360	300	-	-	-	328	1,366	1,760
Driver Education 3370	-	-	-	-	-	16,849	-
Transportation Regular 3500	97,232	-	-	-	42,219	95,954	33
Transportation Special Education 3510	72,879	-	-	-	27,271	107,645	17,419
School Bus Driver Training 3520	-	-	-	-	-	-	-
Mentoring 3982	-	-	-	-	-	-	-
National Board Certification 3651	-	-	-	-	-	-	-
Truants Alternative Education 3695	-	-	-	-	-	-	-
Regional Safe Schools 3696	-	-	-	-	-	-	-
Early Childhood Block Grant 3705	37,087	-	-	-	50,000	98,333	85,780
ROE/ISC Operations 3730	-	-	-	-	-	-	-
Other State Programs 3999	-	-	-	-	-	-	-
Fresh Fruits and Vegetables 4240	-	-	-	-	-	-	-
National School Lunch 4210	37,590	-	-	-	31,314	132,494	195,040
Lunch, Breakfast and Milk 4215	-	-	-	-	-	-	-
Breakfast Program 4220	11,821	-	-	-	8,282	46,574	45,515
Title I Delinquent 4306	-	-	-	-	-	-	-
Summer Food 4225	-	-	-	-	-	-	-
NSLP Equipment Assistance 4260	-	-	-	-	-	-	-
Title I 4300	62,236	-	-	-	43,873	101,857	123,876
21st Century Community Learning 4421	-	-	-	-	-	-	-
Education Room & Board 4625	21,102	-	-	-	-	9,813	-
American Recovery & Reinvestment Act 4851	-	-	-	-	-	-	-
American Recovery & Reinvestment Act 4880	-	-	-	-	-	-	-
Title III Language 4909	-	-	-	-	-	-	-
Renovation IDEA & Tech 4932	15,300	-	-	-	11,224	31,397	9,526
Technology 4861	-	-	-	-	-	-	-
Title I School Improvement 4854	-	-	-	-	-	-	-
Title II Teacher Quality Leadership 4935	-	-	-	-	-	-	-
Literacy Challenge 4971	-	-	-	-	-	-	-
Math and Science 4936	-	-	-	-	-	-	-
School Facility Occupation Tax	-	2,175	1,087	49,506	-	-	170,839
Other	-	-	-	-	-	-	-
Totals	<u>\$ 619,374</u>	<u>\$ 2,175</u>	<u>\$ 1,087</u>	<u>\$ 49,506</u>	<u>\$ 744,450</u>	<u>\$ 2,095,031</u>	<u>\$ 2,489,509</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES
 Year Ended June 30, 2016

SCHEDULE 10
 (CONTINUED)

<u>Program</u>	<u>ROWVA</u> <u>CUSD #208</u>	<u>Orion</u> <u>CUSD #223</u>	<u>Galva</u> <u>CUSD #224</u>	<u>AIWood</u> <u>CUSD #225</u>	<u>Annawan</u> <u>CUSD #226</u>	<u>Cambridge</u> <u>CUSD #227</u>
General State Aid 3001	\$ -	\$ 1,821,879	\$ 983,050	\$ -	\$ 729,990	\$ 1,027,997
General State Aid Loss Limit 3002	-	-	-	-	-	-
Reorganization Incentive 3010	-	-	-	-	-	-
Reorganization Incentive 3015	-	-	-	-	-	-
Reorganization Incentive 3020	-	-	-	-	-	-
Education Fax. Tuition 3100	-	400	-	-	434	-
Education Extraordinary 3105	-	127,382	71,898	-	48,866	61,279
Education Personnel 3110	-	124,936	23,620	-	27,898	33,484
Orphanage Group 3120	-	140,807	32,226	-	-	-
Sp Ed Orphans & Foster 3130	-	740	-	-	-	-
Education Summer School 3145	-	844	-	-	-	-
Vocational Education 3225	-	-	-	-	-	-
Agricultural Education 3235	-	2,818	2,927	-	1,286	1,149
Bilingual Education 3305	-	-	-	-	-	-
Illinois Free Lunch 3360	-	395	1,025	-	243	888
Driver Education 3370	-	16,207	7,520	-	6,698	5,111
Transportation Regular 3500	-	194,131	34,848	-	48,040	22,265
Transportation Special Education 3510	-	46,891	156,884	-	34,979	52,725
School Bus Driver Training 3520	-	-	-	-	-	-
Mentoring 3982	-	-	-	-	-	-
National Board Certification 3651	-	-	-	-	-	-
Truants Alternative Education 3695	-	-	-	-	-	-
Regional Safe Schools 3696	-	-	-	-	-	-
Early Childhood Block Grant 3705	-	-	105,600	-	78,570	67,900
ROE/ISC Operations 3730	-	-	-	-	-	-
Other State Programs 3999	-	-	-	-	-	-
Fresh Fruits and Vegetables 4240	-	-	-	-	-	-
National School Lunch 4210	-	106,208	139,698	-	45,163	111,382
Lunch, Breakfast and Milk 4215	-	-	701	-	-	1,698
Breakfast Program 4220	-	-	13,773	-	-	28,730
Title I Delinquent 4306	-	43,762	-	-	-	-
Summer Food 4225	-	-	-	-	-	-
NSLP Equipment Assistance 4260	-	-	-	-	-	-
Title I 4300	-	102,780	144,196	-	49,573	63,709
21st Century Community Learning 4421	-	-	-	-	-	-
Education Room & Board 4625	-	-	-	-	-	-
American Recovery & Reinvestment Act 4851	-	-	-	-	-	-
American Recovery & Reinvestment Act 4880	-	-	-	-	-	-
Title III Language 4909	-	-	-	-	-	-
Renovation IDEA & Tech 4932	-	24,059	24,409	-	12,139	31,655
Technology 4861	-	-	-	-	-	-
Title I School Improvement 4854	-	-	-	-	-	-
Title II Teacher Quality Leadership 4935	-	-	-	-	-	-
Literacy Challenge 4971	-	-	-	-	-	-
Math and Science 4936	-	-	-	-	-	-
School Facility Occupation Tax	605	375,597	207,682	144,634	111,488	187,342
Other	-	-	-	-	-	-
Totals	<u>\$ 605</u>	<u>\$ 3,129,836</u>	<u>\$ 1,950,057</u>	<u>\$ 144,634</u>	<u>\$ 1,195,367</u>	<u>\$ 1,697,314</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
Year Ended June 30, 2016

SCHEDULE 10
(CONTINUED)

<u>Program</u>	<u>Geneseo CUSD #228</u>	<u>Kewanee CUSD #229</u>	<u>Wethersfield CUSD #230</u>	<u>Princeton H.S. SD #500</u>	<u>Regional Office of Education</u>	<u>Total</u>
General State Aid 3001	\$ 3,563,255	\$ 9,239,809	\$ 1,906,681	\$ 295,263	\$ 63,887	23,078,601
General State Aid Loss Limit 3002	-	407,963	32,746	-	2,845	493,104
Reorganization Incentive 3010	-	-	-	-	-	9,163
Reorganization Incentive 3015	-	-	-	-	-	5,408
Reorganization Incentive 3020	-	-	-	-	-	57,761
Education Fax. Tuition 3100	4,057	97,603	-	-	-	169,869
Education Extraordinary 3105	307,379	258,112	76,940	63,373	-	1,225,010
Education Personnel 3110	164,520	73,438	23,549	118,682	-	799,858
Orphanage Group 3120	20,168	1,371	5,183	93,024	-	318,910
Sp Ed Orphans & Foster 3130	-	-	-	6,167	-	6,907
Education Summer School 3145	-	-	-	-	-	1,247
Vocational Education 3225	-	-	-	-	-	-
Agricultural Education 3235	1,368	2,052	1,942	821	-	16,469
Bilingual Education 3305	-	33,471	-	-	-	35,508
Illinois Free Lunch 3360	2,340	7,052	944	513	-	17,154
Driver Education 3370	27,775	17,394	8,954	25,239	-	131,747
Transportation Regular 3500	781,852	331,819	54,295	16,358	-	1,719,046
Transportation Special Education 3510	172,938	98,425	49,397	27,472	-	864,925
School Bus Driver Training 3520	-	-	-	-	-	-
Mentoring 3982	-	-	-	-	-	-
National Board Certification 3651	3,000	-	-	-	-	3,000
Truants Alternative Education 3695	-	-	-	-	67,040	67,040
Regional Safe Schools 3696	-	-	-	-	60,263	60,263
Early Childhood Block Grant 3705	120,035	347,586	116,440	-	388,241	1,495,572
ROE/ISC Operations 3730	-	-	-	-	-	-
Other State Programs 3999	-	-	-	-	100,168	100,168
Fresh Fruits and Vegetables 4240	-	-	-	-	-	-
National School Lunch 4210	246,405	642,947	106,539	76,566	-	1,871,346
Lunch, Breakfast and Milk 4215	-	-	-	-	-	2,399
Breakfast Program 4220	55,382	211,394	20,097	11,192	(2,490)	450,270
Title I Delinquent 4306	-	-	-	-	-	43,762
Summer Food 4225	-	61,539	-	-	-	61,539
NSLP Equipment Assistance 4260	-	-	6,200	-	-	6,200
Title I 4300	189,965	672,163	112,203	75,805	-	1,742,236
21st Century Community Learning 4421	-	-	-	-	1,903,826	1,903,826
Education Room & Board 4625	85,098	355,279	-	-	-	471,292
American Recovery & Reinvestment Act 4851	-	-	-	-	-	-
American Recovery & Reinvestment Act 4880	-	-	-	-	-	-
Title III Language 4909	-	15,763	-	-	-	15,763
Renovation IDEA & Tech 4932	36,264	107,954	20,809	17,007	-	341,743
Technology 4861	-	-	-	-	-	-
Title I School Improvement 4854	-	-	-	-	-	-
Title II Teacher Quality Leadership 4935	-	-	-	-	2,793	2,793
Literacy Challenge 4971	-	-	-	-	-	-
Math and Science 4936	-	-	-	-	943,154	943,154
School Facility Occupation Tax	942,691	675,007	219,655	-	-	3,088,308
Other	-	-	-	-	(50,086)	(50,086)
Totals	<u>\$ 6,724,492</u>	<u>\$ 13,658,141</u>	<u>\$ 2,762,574</u>	<u>\$ 827,482</u>	<u>\$ 3,479,641</u>	<u>\$ 41,571,275</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Direct Program			
Rural Education			
Rural Education Achievement Award	84.358A	S358A135329	\$ 19,924
Passed-Through Illinois State Board of Education			
Twenty-First Century Community Learning Centers			
Twenty-First Century Community Learning Centers	84.287C	15-4421-13	78,893
Twenty-First Century Community Learning Centers	84.287C	15-4421-15	75,304
Twenty-First Century Community Learning Centers	84.287C	15-4421-25	43,978
Twenty-First Century Community Learning Centers	84.287C	16-4421-13	590,790
Twenty-First Century Community Learning Centers	84.287C	16-4421-15	332,983
Twenty-First Century Community Learning Centers	84.287C	16-4421-25	409,264
(M)Total Twenty-First Century Community Learning Centers			<u>1,531,212</u>
Mathematics and Science Partnerships			
Mathematics and Science Partnerships	84.366B	15-4936-LP	375,912
Mathematics and Science Partnerships	84.366B	16-4936-LP	519,315
(M)Total Mathematics and Science Partnerships			<u>895,227</u>
Improving Teacher Quality State Grants			
Title II Teacher Quality Leadership	84.367A	16-4935-02	2,235
Passed-Through Lee/Ogle Counties Regional Office of Education No. 47			
Education for Homeless Children and Youth McKinney Education for Homeless Children	84.196A	16-4920-00	15,454
Passed-Through Boone/Winnebago Counties Regional Office of Education No. 4			
Title I - Grants to Local Educational Agencies Title I - School Improvement (SSOS)	84.010A	16-4331-SS	75,796
Total U.S. Department of Education			<u>2,539,848</u>
U. S. Department of Labor Passed-Through Business Employment Skills Team, Inc.			
Workforce Investment Act (WIA) Youth Activities WIA - Bureau County Step Ahead Program	17.259	15-03	42,933
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,582,781</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016**

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Bureau/Henry/Stark Counties Regional Office of Education No. 28 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 the Regional Office of Education No. 28, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional Office of Education No. 28.

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. Bureau/Henry/Stark Counties Regional Office of Education No. 28 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

This information is an integral part of the accompanying schedule.