

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, 2017

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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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	2
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	0	3

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)

2017-001	13	Controls Over Financial Statement Preparation	Material Weakness
2017-002	15	Controls Over Fund Accounting	Significant Deficiency

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

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

COMPLIANCE REPORT SUMMARY (CONTINUED)

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, 2017. 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 Angela Zarvell, Regional Superintendent on February 2, 2018.

**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, 2017, 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, 2017, 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 66 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, 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 February 22, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bureau/Henry/Stark Counties Regional Office of Education No. 28's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bureau/Henry/Stark Counties Regional Office of Education No. 28's internal control over financial reporting and compliance.

ORIGINAL SIGNATURE ON FILE

Clinton, Iowa
February 22, 2018

**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, 2017, 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 February 22, 2018.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002 to be a significant deficiency.

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 result 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
February 22, 2018



**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, 2017. 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, 2017.

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
February 22, 2018

**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, 2017**

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? x yes 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> </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, 2017**

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 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). ROE 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, 2017**

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 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, 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 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 ROE 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, 2017**

FINDING 2017-002 - Controls Over Fund Accounting (Repeat of findings 16-002 and 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 ROE 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, 2017**

FINDING 2017-002 - Controls Over Fund Accounting (Repeat of findings 16-002 and 15-002) (Continued)

Management's Response:

The Regional Office of Education No. 28 will assign a member of management with suitable skills, knowledge, and experience to review the trial balance reports at regular intervals throughout the year. The ROE will 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 III - FEDERAL AWARD FINDINGS
Year Ended June 30, 2017**

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, 2017**

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 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, 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, 2017**

FINDING 2017-002 - Controls Over Fund Accounting (Repeat of findings 16-002 and 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 No. 28 will assign a member of management with suitable skills, knowledge, and experience to review the trial balance reports at regular intervals throughout the year. The ROE will also ensure individual funds are self-balanced and opening fund balance amounts agree to the prior period closing fund balance amounts.

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 NOT REPEATED
June 30, 2017**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
	Not applicable in the current year.	

Management's Discussion and Analysis

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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, 2017. Readers are encouraged to consider this information in conjunction with the Regional Office of Education No. 28's financial statements which follow:

2017 Financial Highlights

General Fund revenues decreased from \$1,126,589 in fiscal year 2016 to \$1,066,125 in fiscal year 2017. General Fund expenditures also decreased from \$1,028,469 in fiscal year 2016 to \$923,012 in fiscal year 2017. The decreases were mostly attributable to a decrease in workshops and services.

Education Fund revenues increased from \$3,312,025 in fiscal year 2016 to \$3,412,180 in fiscal year 2017. Education Fund expenditures also increased from \$3,242,795 in fiscal year 2016 to \$3,546,239 in fiscal year 2017. 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 5% from \$4,415,860 in fiscal year 2016 to \$4,656,909 in fiscal year 2017. Government-wide expenses increased by approximately 3% from \$4,293,096 in fiscal year 2016 to \$4,426,025 in fiscal year 2017.

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, 2017**

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 and the federal awards expended.

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, 2017**

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, 2017**

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 2017 and 2016 totaled \$1,857,306 and \$1,626,422, respectively. The analysis that follows provides a summary of the Regional Office of Education No. 28's net position as of June 30.

<u>2017</u>	Governmental Activities
Current assets	\$ 1,912,649
Non-current assets	<u>55,797</u>
Total assets	<u>1,968,446</u>
 Deferred outflows of resources	 <u>161,715</u>
 Current liabilities	 140,043
Non-current liabilities	<u>58,209</u>
Total liabilities	<u>198,252</u>
 Deferred inflows of resources	 <u>74,603</u>
 Net position	
Net investment in capital assets	55,797
Unrestricted	1,543,879
Restricted - other	<u>257,630</u>
 Total net position	 <u>\$ 1,857,306</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

<u>2016</u>	<u>Governmental 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>

The Regional Office of Education No. 28's net position increased by \$230,884 (14%) from fiscal year 2016. The increase was primarily due to an increase in grant revenue.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Changes in net position. The following shows the changes in net position for the years ended June 30, 2017 and 2016.

<u>2017</u>	<u>Governmental Activities</u>
Revenues:	
Program revenues	
Charges for services	\$ 32,208
Operating grants and contributions	3,548,576
General revenues	
Local sources	509,859
On-behalf payments	<u>566,266</u>
Total revenues	<u>4,656,909</u>
Expenses:	
Education	
Salaries and benefits	1,408,347
Pension expense	74,099
Purchased services	870,634
Supplies and materials	137,586
Payments to other governments	1,284,518
Other objects	44,431
Capital outlay	26,955
Depreciation and disposition losses	13,189
Administrative	
On-behalf payments	561,663
On-behalf payments - pension expense	<u>4,603</u>
Total expenses	<u>4,426,025</u>
Change in net position	230,884
Net position, beginning	<u>1,626,422</u>
Net position, ending	<u>\$ 1,857,306</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

<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, 2017**

Governmental Activities

Revenues for governmental activities were \$4,656,909 and \$4,415,860 and expenses were \$4,426,025 and \$4,293,096 for 2017 and 2016, respectively. The increase in program revenues and expenses were mainly due to an increase in grant funding.

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 \$1,613,492, above last year's ending combined fund balances of \$1,577,169.

Governmental Fund Highlights

The General Fund fund balance increased from \$1,354,363 in 2016 to \$1,497,476 in 2017. The increase was mostly attributable to delivery of workshops and services.

The Education Fund fund balance decreased from \$59,834 in 2016 to \$(74,225) in 2017. 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 \$588,623 in fiscal year 2016 to \$554,564 in fiscal year 2017. Transactions during fiscal year 2017 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, 2017**

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 2017, total additions and retirements amounted to \$46,067 and \$3,112, respectively. Depreciation expense for fiscal year 2017 was \$13,149. The net investment in capital assets as of June 30, 2017 was \$55,797. Additional information on Bureau/Henry/Stark Counties Regional Office of Education No. 28's capital assets can be found in Note 6 on page 53 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:

- Uncertainty and timing of state funding,
- Ability to acquire grant funding,
- Revenues/expenses associated with workshops and services.

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 2017 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, 2017

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 523,860
Accounts receivable	20,976
Due from other governments	<u>1,367,813</u>
Total current assets	1,912,649
Non-current assets:	
Capital assets, being depreciated, net	<u>55,797</u>
Total assets	<u>1,968,446</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>161,715</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	110,265
Due to other governments	26,213
Unearned revenue	<u>3,565</u>
Total current liabilities	<u>140,043</u>
Non-current liabilities:	
Compensated absences	55,552
Net pension liability	<u>2,657</u>
Total non-current liabilities	<u>58,209</u>
Total liabilities	<u>198,252</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>74,603</u>
NET POSITION	
Net investment in capital assets	55,797
Unrestricted	1,543,879
Restricted - other	<u>257,630</u>
Total net position	<u>\$ 1,857,306</u>

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, 2017

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Primary Government</u>
		<u>Services</u>	<u>Grants and</u>	<u>Governmental</u>
			<u>Contributions</u>	<u>Activities</u>
Primary government:				
Governmental activities:				
Education:				
Salaries and benefits	\$ 1,408,347	\$ 1,610	\$ 1,437,174	\$ 30,437
Pension expense	74,099	-	56,777	(17,322)
Purchased services	870,634	27,055	574,869	(268,710)
Supplies and materials	137,586	3,543	127,749	(6,294)
Payments to other governments	1,284,518	-	1,231,356	(53,162)
Other objects	44,431	-	46,131	1,700
Capital outlay	26,955	-	74,520	47,565
Depreciation and disposition losses	13,189	-	-	(13,189)
Administrative:				
On-behalf payments	561,663	-	-	(561,663)
On-behalf payments - pension expense	4,603	-	-	(4,603)
Total governmental activities	<u>\$ 4,426,025</u>	<u>\$ 32,208</u>	<u>\$ 3,548,576</u>	<u>(845,241)</u>
General revenues:				
Local sources				509,859
On-behalf payments				566,266
Total general revenue				<u>1,076,125</u>
CHANGE IN NET POSITION				230,884
NET POSITION, BEGINNING OF YEAR				<u>1,626,422</u>
NET POSITION, END OF YEAR				<u>\$ 1,857,306</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, 2017

	Special Revenue			
	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 268,869	\$ 64,750	\$ 190,241	\$ 523,860
Accounts receivable	-	20,976	-	20,976
Due from other governments	36,660	1,331,153	-	1,367,813
Due from other funds	<u>1,265,073</u>	<u>-</u>	<u>-</u>	<u>1,265,073</u>
Total assets	<u>1,570,602</u>	<u>1,416,879</u>	<u>190,241</u>	<u>3,177,722</u>
DEFERRED OUTFLOWS OF RESOURCES				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,570,602</u>	<u>\$ 1,416,879</u>	<u>\$ 190,241</u>	<u>\$ 3,177,722</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 55,204	\$ 55,061	\$ -	\$ 110,265
Due to other governments	247	25,966	-	26,213
Due to other funds	175	1,264,898	-	1,265,073
Unearned revenue	<u>-</u>	<u>3,565</u>	<u>-</u>	<u>3,565</u>
Total liabilities	<u>55,626</u>	<u>1,349,490</u>	<u>-</u>	<u>1,405,116</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>17,500</u>	<u>141,614</u>	<u>-</u>	<u>159,114</u>
FUND BALANCE (DEFICIT)				
Restricted	-	56,986	190,241	247,227
Assigned	357,079	-	-	357,079
Unassigned	<u>1,140,397</u>	<u>(131,211)</u>	<u>-</u>	<u>1,009,186</u>
Total fund balance (deficit)	<u>1,497,476</u>	<u>(74,225)</u>	<u>190,241</u>	<u>1,613,492</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 1,570,602</u>	<u>\$ 1,416,879</u>	<u>\$ 190,241</u>	<u>\$ 3,177,722</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 GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balance of governmental funds (page 34)	\$ <u>1,613,492</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>55,797</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 governmental funds.	<u>159,114</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	161,715
Deferred inflows of resources	<u>(74,603)</u>
	<u>87,112</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	(55,552)
Net pension liability	<u>(2,657)</u>
	<u>(58,209)</u>
Net position of governmental activities (page 32)	\$ <u>1,857,306</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, 2017

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
REVENUES:				
Local sources	\$ 379,741	\$ 106,112	\$ 32,208	\$ 518,061
State sources	66,732	683,949	1,334	752,015
Federal sources	53,386	2,622,119	-	2,675,505
On-behalf payments	<u>566,266</u>	<u>-</u>	<u>-</u>	<u>566,266</u>
Total revenues	<u>1,066,125</u>	<u>3,412,180</u>	<u>33,542</u>	<u>4,511,847</u>
EXPENDITURES:				
Education:				
Salaries and benefits	3,633	1,436,449	321	1,440,403
Pension expense	590	58,052	22	58,664
Purchased services	286,901	578,493	5,240	870,634
Supplies and materials	10,141	126,755	690	137,586
Payments to other governments	55,481	1,229,037	-	1,284,518
Other objects	-	44,431	-	44,431
On-behalf payments	561,663	-	-	561,663
On-behalf payments - pension expense	4,603	-	-	4,603
Capital outlay	<u>-</u>	<u>73,022</u>	<u>-</u>	<u>73,022</u>
Total expenditures	<u>923,012</u>	<u>3,546,239</u>	<u>6,273</u>	<u>4,475,524</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	143,113	(134,059)	27,269	36,323
FUND BALANCE, BEGINNING OF YEAR	<u>1,354,363</u>	<u>59,834</u>	<u>162,972</u>	<u>1,577,169</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 1,497,476</u>	<u>\$ (74,225)</u>	<u>\$ 190,241</u>	<u>\$ 1,613,492</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, 2017**

Net change in fund balance (page 36)	\$ <u>36,323</u>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	46,067
Depreciation and disposition losses	<u>(13,189)</u>
	<u>32,878</u>
<p>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.</p>	
Current year unavailable revenue	159,114
Prior year unavailable revenue	<u>(14,052)</u>
	<u>145,062</u>
<p>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.</p>	
	<u>32,112</u>
<p>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:</p>	
Compensated absences	32,056
Pension expense	<u>(47,547)</u>
	<u>(15,491)</u>
Change in net position of governmental activities (page 33)	\$ <u><u>230,884</u></u>

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, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 22,409
Due from other governments	<u>532,155</u>
TOTAL ASSETS	<u>\$ 554,564</u>
LIABILITIES	
Due to other governments	<u>\$ 554,564</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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017

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, Salary, McKinney Education for Homeless Children, and 21st Century Community Learning Centers Project 13. 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, 2017**

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, Truants Alternative Optional Education Program, 21st Century Community Learning Centers Project 10, 21st Century Community Learning Centers Project 15, Early Childhood Block Grant Pre-K and Parental Training, Early Childhood Block Grant Prevention Initiative and Parental Training, WIU Math and Science Partnership, ISU Math and Science Partnership, Illinois Math and Science Partnership Project LP, and Regional Safe Schools.

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, 2017**

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, 2017 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, 2017**

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 February 22, 2018, 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 \$546,269 at June 30, 2017, while the bank balance was \$1,389,337. Included in the bank balance is \$6,460 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, 2017**

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, 2017, \$256,460 of the deposits made by the Regional Office of Education No. 28 were covered by the Federal Depository Insurance Corporation (FDIC), and \$1,132,877 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, 2017, 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	\$ 523,860
Cash - Agency Funds	<u>22,409</u>
Total	<u>\$ 546,269</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, 2017**

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	\$	36,660
Education Fund		
Local governments		11,641
Illinois State Board of Education		1,319,512
Agency Funds		
Local governments		<u>532,155</u>
Total		<u>\$ 1,899,968</u>

Due To Other Governments

General Fund		
Local governments	\$	247
Education Fund		
Local governments		4,583
Illinois State Board of Education		21,383
Agency Funds		
Local governments		<u>554,564</u>
Total		<u>\$ 580,777</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, 2017 were:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Local	\$ 56,000	\$ -
General State Aid	424,000	-
Language Arts	100,000	-
Lab Tech	40,073	-
District Services	645,000	-
Registration	-	175
Education Fund		
Bureau County Step Ahead	-	6,109
Henry County Step Ahead	-	11,794
Truants Alternative Optional Education Program	-	71,676
McKinney Education for Homeless Children	-	10,460

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

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	-	218,643
21st Century Community Learning Centers Project 15	-	117,429
21st Century Community Learning Centers Project 25	-	174,714
Early Childhood Block Grant Pre-K and Parental Training	-	154,195
Early Childhood Block Grant Prevention Initiative and Parental Training	-	119,380
WIU Math and Science Partnership	-	249
ISU Math and Science Partnership	-	249
Illinois Math and Science Partnership Project LP	-	341,777
Title II Teacher Quality Leadership	-	59
Regional Safe Schools	-	38,061
Total	<u>\$ 1,265,073</u>	<u>\$ 1,265,073</u>

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Governmental Funds:				
Furniture and equipment	\$ 112,907	\$ 46,067	\$ 3,112	\$ 155,862
Less: accumulated depreciation	<u>(89,988)</u>	<u>(13,149)</u>	<u>(3,072)</u>	<u>(100,065)</u>
Capital assets, net	<u>\$ 22,919</u>	<u>\$ 32,918</u>	<u>\$ 40</u>	<u>\$ 55,797</u>

Depreciation expense was charged as follows:

Governmental activities:

 Education:

 Depreciation \$ 13,149

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 7 - 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, 2017, the balance in this account was \$55,552.

	June 30, 2016	Additions	Deletions	June 30, 2017
Governmental Funds:	\$ 87,608	\$ 48,609	\$ 80,665	\$ 55,552

NOTE 8 - 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).

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 8 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	4
Inactive Plan Members entitled to but not yet receiving benefits	27
Active Plan Members	29
Total	60

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 8 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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 2016 was 7.50%. For the fiscal year ended June 30, 2017, Bureau/Henry/Stark Counties Regional Office of Education No. 28 contributed \$63,267 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, 2016. 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, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, 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.
- 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.

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 8 - EMPLOYEE BENEFIT PLAN (CONTINUED)

- 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, 2016:

<u>Asset Class</u>	<u>Portfolio Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17	6.75
Fixed Income	27	3.00
Real Estate	8	5.75
Alternative Investments	9	2.65-7.35
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, 2017**

NOTE 8 - 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 3.78%, 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, 2015	\$ 1,167,263	\$ 1,130,510	\$ 36,753
Changes for the year:			
Service cost	88,656	-	88,656
Interest on the total pension liability	90,009	-	90,009
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(49,554)	-	(49,554)
Changes of assumptions	-	-	-
Contributions - employer	-	63,243	(63,243)
Contributions - employees	-	37,945	(37,945)
Net investment income	-	63,427	(63,427)
Benefit payments, including refunds of employee contributions	(23,796)	(23,796)	-
Other (net transfer)	-	(1,408)	1,408
Net changes	<u>105,315</u>	<u>139,411</u>	<u>(34,096)</u>
Balances at December 31, 2016	<u>\$ 1,272,578</u>	<u>\$ 1,269,921</u>	<u>\$ 2,657</u>

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

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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Net pension (asset) liability	<u>\$ 214,634</u>	<u>\$ 2,657</u>	<u>\$ (167,009)</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 8 - EMPLOYEE BENEFIT PLAN (CONTINUED)

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

For the year ended June 30, 2017, Bureau/Henry/Stark Counties Regional Office of Education No. 28 recognized pension expense of \$78,702. At June 30, 2017, 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	\$ -	\$ 74,603
Changes of assumptions	17,712	-
Net difference between projected and actual earnings on pension plan investments	111,891	-
Total deferred amounts to be recognized in pension expense in future periods	129,603	74,603
Employer contributions subsequent to the measurement date	32,112	-
Total deferred amounts related to pensions	\$ 161,715	\$ 74,603

\$32,112 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, 2018.

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>
2017	\$ 22,982
2018	22,982
2019	17,991
2020	(5,660)
2021	(3,295)
Total	\$ 55,000

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 9 - 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 10 - 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	\$ 107,952
Regional Superintendent - benefits (includes state paid insurance)	38,687
Assistant Regional Superintendent - salary	97,152
Assistant Regional Superintendent - benefits (includes state paid insurance)	35,458
County on-behalf payments	<u>287,017</u>
Total on-behalf payments	<u>\$ 566,266</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, 2017**

NOTE 11 - DEFICIT FUND BALANCES

At June 30, 2017, the following funds had deficit fund balances. They are expected to correct themselves in 2018, through payments from the State and transfers from local funds.

General Fund	
Registration	\$ (175)
Education Fund	
Henry County Step Ahead	(132)
Truants Alternative Optional Educational Program	(32,332)
21st Century Community Learning Centers Project 10	(103)
21st Century Community Learning Centers Project 15	(141)
Early Childhood Block Grant Pre-K and Parental Training	(41,483)
Early Childhood Block Grant Prevention Initiative and Parental Training	(60)
WIU Math and Science Partnership	(249)
ISU Math and Science Partnership	(249)
Illinois Math and Science Partnership Project LP	(35,000)
Regional Safe Schools	(21,462)

NOTE 12 - 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 July 1, 2016 and extending to June 30, 2018 required quarterly lease payments of \$7,500. Rental expense for the year ended June 30, 2017 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, 2017 was \$4,800.

Future minimum payments under operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ <u>34,800</u>

**BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 28
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 13 - 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 14 - NEW PRONOUNCEMENTS

In 2017, Bureau/Henry/Stark Counties Regional Office of Education No. 28 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB No. 77, *Tax Abatements*; GASB No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*; GASB No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*; and GASB No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Regional Office of Education No. 28 implemented these standards during the current year; however, they had no significant impact on the financial statements.

NOTE 15 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ended June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a liability for the government's other postemployment benefits.

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 THREE CALENDAR YEARS

Calendar year ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 88,656	\$ 80,742	\$ 98,892
Interest on the total pension liability	90,009	80,828	71,794
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(49,554)	(16,567)	(55,412)
Changes of assumptions	-	-	40,962
Benefit payments, including refunds of employee contributions	(23,796)	(29,288)	(24,570)
Net change in total pension liability	105,315	115,715	131,666
Total pension liability - beginning	<u>1,167,263</u>	<u>1,051,548</u>	<u>919,882</u>
Total pension liability - ending (A)	<u>\$ 1,272,578</u>	<u>\$ 1,167,263</u>	<u>\$ 1,051,548</u>
Plan fiduciary net position			
Contributions - employer	\$ 63,243	\$ 67,161	\$ 59,476
Contributions - employees	37,945	38,549	41,007
Net investment income	63,427	(49,586)	41,054
Benefit payments, including refunds of employee contributions	(23,796)	(29,288)	(24,570)
Other (net transfer)	(1,408)	6,979	(542)
Net change in plan fiduciary net position	139,411	33,815	116,425
Plan fiduciary net position - beginning	<u>1,130,510</u>	<u>1,096,695</u>	<u>980,270</u>
Plan fiduciary net position - ending (B)	<u>\$ 1,269,921</u>	<u>\$ 1,130,510</u>	<u>\$ 1,096,695</u>
Net pension (asset) liability - ending (A) - (B)	<u>\$ 2,657</u>	<u>\$ 36,753</u>	<u>\$ (45,147)</u>
Plan fiduciary net position as a percentage of the total pension liability	99.79%	96.85%	104.29%
Covered valuation payroll	\$ 843,236	\$ 856,647	\$ 730,915
Net pension (asset) liability as a percentage of covered valuation payroll	0.32%	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 THREE 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
2016	63,243	63,243	-	843,236	7.50

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 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 2016 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>	27-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.

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

Notes to Schedule: (Continued)

Mortality:

RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 13, 2014, 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, 2017

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	\$ 1,346	\$ 43,021	\$ 61,432	\$ 10,271	\$ 1,747	\$ 21,754
Due from other governments	-	-	-	-	-	-
Due from other funds	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,000</u>	<u>-</u>
Total assets	<u>57,346</u>	<u>43,021</u>	<u>61,432</u>	<u>10,271</u>	<u>425,747</u>	<u>21,754</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>\$ 57,346</u>	<u>\$ 43,021</u>	<u>\$ 61,432</u>	<u>\$ 10,271</u>	<u>\$ 425,747</u>	<u>\$ 21,754</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
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>-</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	-	-	61,432	10,271	-	21,754
Unassigned	<u>57,346</u>	<u>43,021</u>	<u>-</u>	<u>-</u>	<u>425,747</u>	<u>-</u>
Total fund balance (deficit)	<u>57,346</u>	<u>43,021</u>	<u>61,432</u>	<u>10,271</u>	<u>425,747</u>	<u>21,754</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 57,346</u>	<u>\$ 43,021</u>	<u>\$ 61,432</u>	<u>\$ 10,271</u>	<u>\$ 425,747</u>	<u>\$ 21,754</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2017

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	\$ 15,931	\$ 4,080	\$ 52,644	\$ 18,924	\$ 25,235
Due from other governments	-	-	-	-	-	-
Due from other funds	-	100,000	-	40,073	-	-
Total assets	<u>21</u>	<u>115,931</u>	<u>4,080</u>	<u>92,717</u>	<u>18,924</u>	<u>25,235</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>\$ 115,931</u>	<u>\$ 4,080</u>	<u>\$ 92,717</u>	<u>\$ 18,924</u>	<u>\$ 25,235</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ 38	\$ 63	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>38</u>	<u>63</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	115,893	4,017	92,717	18,924	25,235
Unassigned	-	-	-	-	-	-
Total fund balance (deficit)	<u>21</u>	<u>115,893</u>	<u>4,017</u>	<u>92,717</u>	<u>18,924</u>	<u>25,235</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 21</u>	<u>\$ 115,931</u>	<u>\$ 4,080</u>	<u>\$ 92,717</u>	<u>\$ 18,924</u>	<u>\$ 25,235</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2017

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	\$ 5,648	\$ 3,534	\$ 3,281	\$ -	\$ 268,869
Due from other governments	36,660	-	-	-	36,660
Due from other funds	<u>645,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265,073</u>
Total assets	<u>687,308</u>	<u>3,534</u>	<u>3,281</u>	<u>-</u>	<u>1,570,602</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 687,308</u></u>	<u><u>\$ 3,534</u></u>	<u><u>\$ 3,281</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,570,602</u></u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 55,103	\$ -	\$ -	\$ -	\$ 55,204
Due to other governments	247	-	-	-	247
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>175</u>
Total liabilities	<u>55,350</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>55,626</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500</u>
FUND BALANCE (DEFICIT)					
Assigned	-	3,534	3,281	-	357,079
Unassigned	<u>614,458</u>	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>1,140,397</u>
Total fund balance (deficit)	<u>614,458</u>	<u>3,534</u>	<u>3,281</u>	<u>(175)</u>	<u>1,497,476</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u><u>\$ 687,308</u></u>	<u><u>\$ 3,534</u></u>	<u><u>\$ 3,281</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,570,602</u></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, 2017

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	\$ 117	\$ -	\$ 6,724	\$ 2,232	\$ 815	\$ 44
State sources	-	-	-	-	66,732	-
Federal sources	-	-	-	-	-	-
On-behalf payments	<u>566,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>566,383</u>	<u>-</u>	<u>6,724</u>	<u>2,232</u>	<u>67,547</u>	<u>44</u>
EXPENDITURES:						
Education:						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Pension expense	-	-	-	-	-	-
Purchased services	-	-	3,248	2,475	387	-
Supplies and materials	-	-	679	-	3,396	-
Payments to other governments	-	-	-	-	11,207	-
On-behalf payments	561,663	-	-	-	-	-
On-behalf payments - pension expense	<u>4,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>566,266</u>	<u>-</u>	<u>3,927</u>	<u>2,475</u>	<u>14,990</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	117	-	2,797	(243)	52,557	44
FUND BALANCE (DEFICIT), BEGINNING 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>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 57,346</u>	<u>\$ 43,021</u>	<u>\$ 61,432</u>	<u>\$ 10,271</u>	<u>\$ 425,747</u>	<u>\$ 21,754</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, 2017

SCHEDULE 2
(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>
REVENUES:						
Local sources	\$ -	\$ 20,805	\$ 6,394	\$ 190	\$ 39	\$ 51
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>20,805</u>	<u>6,394</u>	<u>190</u>	<u>39</u>	<u>51</u>
EXPENDITURES:						
Education:						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Pension expense	-	-	-	-	-	-
Purchased services	-	14,005	4,375	-	-	-
Supplies and materials	-	1,220	432	-	-	-
Payments to other governments	-	25	100	-	-	-
On-behalf payments	-	-	-	-	-	-
On-behalf payments - pension expense	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>15,250</u>	<u>4,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	5,555	1,487	190	39	51
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>21</u>	<u>110,338</u>	<u>2,530</u>	<u>92,527</u>	<u>18,885</u>	<u>25,184</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 21</u>	<u>\$ 115,893</u>	<u>\$ 4,017</u>	<u>\$ 92,717</u>	<u>\$ 18,924</u>	<u>\$ 25,235</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, 2017

SCHEDULE 2
(CONTINUED)

	<u>District</u>		<u>Reading</u>		
	<u>Services</u>	<u>Science</u>	<u>First</u>	<u>Enterprise</u>	<u>Registration</u>
					<u>Total</u>
REVENUES:					
Local sources	\$ 342,317	\$ 7	\$ 6	\$ -	\$ 379,741
State sources	-	-	-	-	66,732
Federal sources	53,386	-	-	-	53,386
On-behalf payments	-	-	-	-	566,266
Total revenues	<u>395,703</u>	<u>7</u>	<u>6</u>	<u>-</u>	<u>1,066,125</u>
EXPENDITURES:					
Education:					
Salaries	2,080	-	-	-	2,080
Benefits	1,553	-	-	-	1,553
Pension expense	590	-	-	-	590
Purchased services	262,411	-	-	-	286,901
Supplies and materials	4,414	-	-	-	10,141
Payments to other governments	44,149	-	-	-	55,481
On-behalf payments	-	-	-	-	561,663
On-behalf payments - pension expense	-	-	-	-	4,603
Total expenditures	<u>315,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,012</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	80,506	7	6	-	143,113
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>533,952</u>	<u>3,527</u>	<u>3,275</u>	<u>(175)</u>	<u>1,354,363</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 614,458</u>	<u>\$ 3,534</u>	<u>\$ 3,281</u>	<u>\$ (175)</u>	<u>\$ 1,497,476</u>

**BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2017**

	<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	\$ -	\$ -	\$ 56,241	\$ -	\$ 361	\$ -	\$ -
Accounts receivable	7,459	13,517	-	-	-	-	-
Due from other governments	-	-	-	72,571	-	11,641	-
Total assets	<u>7,459</u>	<u>13,517</u>	<u>56,241</u>	<u>72,571</u>	<u>361</u>	<u>11,641</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>\$ 7,459</u>	<u>\$ 13,517</u>	<u>\$ 56,241</u>	<u>\$ 72,571</u>	<u>\$ 361</u>	<u>\$ 11,641</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ 694	\$ 507	\$ -	\$ 132	\$ -	\$ 702	\$ -
Due to other governments	656	1,348	-	739	-	411	-
Due to other funds	6,109	11,794	-	71,676	-	10,460	103
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>7,459</u>	<u>13,649</u>	<u>-</u>	<u>72,547</u>	<u>-</u>	<u>11,573</u>	<u>103</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)							
Restricted	-	-	56,241	-	361	68	-
Unassigned	-	(132)	-	(32,332)	-	-	(103)
Total fund balance (deficit)	<u>-</u>	<u>(132)</u>	<u>56,241</u>	<u>(32,332)</u>	<u>361</u>	<u>68</u>	<u>(103)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 7,459</u>	<u>\$ 13,517</u>	<u>\$ 56,241</u>	<u>\$ 72,571</u>	<u>\$ 361</u>	<u>\$ 11,641</u>	<u>\$ -</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	223,737	122,843	180,059	167,191	124,121	-
Total assets	223,737	122,843	180,059	167,191	124,121	-
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 223,737	\$ 122,843	\$ 180,059	\$ 167,191	\$ 124,121	\$ -
LIABILITIES						
Accounts payable and accrued expenses	\$ 655	\$ 1,518	\$ 667	\$ 12,442	\$ 106	\$ -
Due to other governments	4,123	3,896	4,678	620	4,695	-
Due to other funds	218,643	117,429	174,714	154,195	119,380	249
Unearned revenue	-	-	-	-	-	-
Total liabilities	223,421	122,843	180,059	167,257	124,181	249
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	141	-	41,417	-	-
FUND BALANCE (DEFICIT)						
Restricted	316	-	-	-	-	-
Unassigned	-	(141)	-	(41,483)	(60)	(249)
Total fund balance (deficit)	316	(141)	-	(41,483)	(60)	(249)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 223,737	\$ 122,843	\$ 180,059	\$ 167,191	\$ 124,121	\$ -

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2017

	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	\$ -	\$ -	\$ -	\$ 4,583	\$ 64,750
Accounts receivable	-	-	-	-	-	-	-	20,976
Due from other governments	-	379,632	-	-	59	49,299	-	1,331,153
Total assets	-	379,632	3,565	-	59	49,299	4,583	1,416,879
DEFERRED OUTFLOWS OF RESOURCES								
None	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 379,632	\$ 3,565	\$ -	\$ 59	\$ 49,299	\$ 4,583	\$ 1,416,879
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ 37,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,061
Due to other governments	-	217	-	-	-	-	4,583	25,966
Due to other funds	249	341,777	-	-	59	38,061	-	1,264,898
Unearned revenue	-	-	3,565	-	-	-	-	3,565
Total liabilities	249	379,632	3,565	-	59	38,061	4,583	1,349,490
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	35,000	-	-	-	32,700	-	141,614
FUND BALANCE (DEFICIT)								
Restricted	-	-	-	-	-	-	-	56,986
Unassigned	(249)	(35,000)	-	-	-	(21,462)	-	(131,211)
Total fund balance (deficit)	(249)	(35,000)	-	-	-	(21,462)	-	(74,225)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ -	\$ 379,632	\$ 3,565	\$ -	\$ 59	\$ 49,299	\$ 4,583	\$ 1,416,879

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, 2017

SCHEDULE 4

	Bureau County Step Ahead	Henry County Step Ahead	General Operations	Truants Alternative Optional Education Program	Salary	McKinney Education for Homeless Children	21st Century Community Learning Centers Project 10
REVENUES:							
Local sources	\$ -	\$ 106,111	\$ -	\$ -	\$ 1	\$ -	\$ -
State sources	-	-	104,175	40,215	-	-	-
Federal sources	40,543	-	-	-	-	22,452	-
Total revenues	<u>40,543</u>	<u>106,111</u>	<u>104,175</u>	<u>40,215</u>	<u>1</u>	<u>22,452</u>	<u>-</u>
EXPENDITURES:							
Education:							
Salaries	24,977	64,128	1,377	50,698	-	7,682	-
Benefits	7,137	18,566	105	7,172	-	2,048	-
Pension expense	1,855	4,810	-	3,814	-	572	-
Purchased services	5,467	15,319	7,724	6,459	-	7,073	-
Supplies and materials	1,107	1,619	4,429	4,428	-	4,749	-
Payment to other governments	-	-	88,421	-	-	328	-
Other objects	-	-	289	-	-	-	-
Capital outlay	-	1,669	1,830	-	-	-	-
Total expenditures	<u>40,543</u>	<u>106,111</u>	<u>104,175</u>	<u>72,571</u>	<u>-</u>	<u>22,452</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-	(32,356)	1	-	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>(132)</u>	<u>56,241</u>	<u>24</u>	<u>360</u>	<u>68</u>	<u>(103)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (132)</u>	<u>\$ 56,241</u>	<u>\$ (32,332)</u>	<u>\$ 361</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, 2017

SCHEDULE 4
(CONTINUED)

	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
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	261,297	233,024	-
Federal sources	<u>628,671</u>	<u>479,358</u>	<u>493,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>628,671</u>	<u>479,358</u>	<u>493,612</u>	<u>261,297</u>	<u>233,024</u>	<u>-</u>
EXPENDITURES:						
Education:						
Salaries	191,600	145,616	198,970	45,302	140,498	-
Benefits	32,927	36,687	45,394	6,616	42,452	-
Pension expense	10,184	9,923	12,524	3,394	9,976	-
Purchased services	34,213	24,660	18,561	26,933	24,330	-
Supplies and materials	34,138	32,165	21,202	5,539	5,877	-
Payment to other governments	303,871	215,342	182,817	195,279	-	-
Other objects	18,587	13,231	12,324	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,944</u>	<u>9,890</u>	<u>-</u>
Total expenditures	<u>625,520</u>	<u>477,624</u>	<u>491,792</u>	<u>302,007</u>	<u>233,023</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	3,151	1,734	1,820	(40,710)	1	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(2,835)</u>	<u>(1,875)</u>	<u>(1,820)</u>	<u>(773)</u>	<u>(61)</u>	<u>(249)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 316</u>	<u>\$ (141)</u>	<u>\$ -</u>	<u>\$ (41,483)</u>	<u>\$ (60)</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, 2017

SCHEDULE 4
(CONTINUED)

	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
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,112
State sources	-	-	-	-	-	33,198	12,040	683,949
Federal sources	-	935,100	-	19,924	2,459	-	-	2,622,119
Total revenues	<u>-</u>	<u>935,100</u>	<u>-</u>	<u>19,924</u>	<u>2,459</u>	<u>33,198</u>	<u>12,040</u>	<u>3,412,180</u>
EXPENDITURES:								
Education:								
Salaries	-	246,475	-	-	59	10,870	-	1,128,252
Benefits	-	108,261	-	-	-	832	-	308,197
Pension expense	-	194	-	-	-	806	-	58,052
Purchased services	-	381,360	-	-	2,400	17,571	6,423	578,493
Supplies and materials	-	11,464	-	-	-	-	38	126,755
Payment to other governments	-	189,946	-	11,635	-	35,819	5,579	1,229,037
Other objects	-	-	-	-	-	-	-	44,431
Capital outlay	-	32,400	-	8,289	-	-	-	73,022
Total expenditures	<u>-</u>	<u>970,100</u>	<u>-</u>	<u>19,924</u>	<u>2,459</u>	<u>65,898</u>	<u>12,040</u>	<u>3,546,239</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	(35,000)	-	-	-	(32,700)	-	(134,059)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,238</u>	<u>-</u>	<u>59,834</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (249)</u>	<u>\$ (35,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,462)</u>	<u>\$ -</u>	<u>\$ (74,225)</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2017

	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:								
State sources	\$ 104,175	\$ 104,175	\$ 104,175	\$ -	\$ 79,870	\$ 79,870	\$ 40,215	\$ (39,655)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>104,175</u>	<u>104,175</u>	<u>104,175</u>	<u>-</u>	<u>79,870</u>	<u>79,870</u>	<u>40,215</u>	<u>(39,655)</u>
EXPENDITURES:								
Education:								
Salaries	-	-	1,377	(1,377)	-	-	50,698	(50,698)
Benefits	-	-	105	(105)	-	-	7,172	(7,172)
Pension expense	-	-	-	-	-	-	3,814	(3,814)
Purchased services	6,550	6,550	7,724	(1,174)	8,768	8,768	6,459	2,309
Supplies and materials	4,500	4,500	4,429	71	3,088	3,088	4,428	(1,340)
Payments to other governments	90,625	90,625	88,421	2,204	68,014	68,014	-	68,014
Other objects	500	500	289	211	-	-	-	-
Capital outlay	2,000	2,000	1,830	170	-	-	-	-
Total expenditures	<u>104,175</u>	<u>104,175</u>	<u>104,175</u>	<u>-</u>	<u>79,870</u>	<u>79,870</u>	<u>72,571</u>	<u>7,299</u>
NET CHANGE IN FUND BALANCE (DEFICIT)								
							(32,356)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>56,241</u>				<u>24</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ 56,241</u>				<u>\$ (32,332)</u>	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	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:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	26,100	26,100	22,452	(3,648)	749,640	749,640	628,671	(120,969)
Total revenues	26,100	26,100	22,452	(3,648)	749,640	749,640	628,671	(120,969)
EXPENDITURES:								
Education:								
Salaries	-	-	7,682	(7,682)	232,006	232,006	191,600	40,406
Benefits	-	-	2,048	(2,048)	49,669	49,669	32,927	16,742
Pension expense	-	-	572	(572)	-	-	10,184	(10,184)
Purchased services	8,888	11,388	7,073	4,315	50,546	50,546	34,213	16,333
Supplies and materials	3,909	3,909	4,749	(840)	48,380	48,380	34,138	14,242
Payments to other governments	13,303	10,803	328	10,475	345,538	345,538	303,871	41,667
Other objects	-	-	-	-	23,501	23,501	18,587	4,914
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	26,100	26,100	22,452	3,648	749,640	749,640	625,520	124,120
NET CHANGE IN FUND BALANCE (DEFICIT)			-				3,151	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			68				(2,835)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ 68				\$ 316	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	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:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	499,090	499,090	479,358	(19,732)	535,354	535,354	493,612	(41,742)
Total revenues	499,090	499,090	479,358	(19,732)	535,354	535,354	493,612	(41,742)
EXPENDITURES:								
Education:								
Salaries	152,976	152,976	145,616	7,360	212,375	212,375	198,970	13,405
Benefits	50,538	50,538	36,687	13,851	66,097	66,097	45,394	20,703
Pension expense	-	-	9,923	(9,923)	-	-	12,524	(12,524)
Purchased services	38,995	38,995	24,660	14,335	26,114	26,114	18,561	7,553
Supplies and materials	35,516	35,516	32,165	3,351	22,500	22,500	21,202	1,298
Payments to other governments	205,405	205,405	215,342	(9,937)	194,705	194,705	182,817	11,888
Other objects	15,660	15,660	13,231	2,429	13,563	13,563	12,324	1,239
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	499,090	499,090	477,624	21,466	535,354	535,354	491,792	43,562
NET CHANGE IN FUND BALANCE (DEFICIT)			1,734				1,820	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,875)				(1,820)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (141)				\$ -	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	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:								
State sources	\$ 315,238	\$ 339,703	\$ 261,297	\$ (78,406)	\$ 162,846	\$ 294,078	\$ 233,024	\$ (61,054)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>315,238</u>	<u>339,703</u>	<u>261,297</u>	<u>(78,406)</u>	<u>162,846</u>	<u>294,078</u>	<u>233,024</u>	<u>(61,054)</u>
EXPENDITURES:								
Education:								
Salaries	-	-	45,302	(45,302)	-	-	140,498	(140,498)
Benefits	-	-	6,616	(6,616)	-	-	42,452	(42,452)
Pension expense	-	-	3,394	(3,394)	-	-	9,976	(9,976)
Purchased services	34,974	34,974	26,933	8,041	14,432	31,207	24,330	6,877
Supplies and materials	5,150	8,458	5,539	2,919	2,252	9,584	5,877	3,707
Payments to other governments	274,114	274,114	195,279	78,835	146,162	243,792	-	243,792
Other objects	-	-	-	-	-	-	-	-
Capital outlay	1,000	22,157	18,944	3,213	-	9,495	9,890	(395)
Total expenditures	<u>315,238</u>	<u>339,703</u>	<u>302,007</u>	<u>37,696</u>	<u>162,846</u>	<u>294,078</u>	<u>233,023</u>	<u>61,055</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			(40,710)				1	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(773)				(61)	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (41,483)</u>				<u>\$ (60)</u>	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	Illinois Math and Science Partnership Project LP				Title II Teacher Quality Leadership			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	946,435	946,435	935,100	(11,335)	2,459	2,459	2,459	-
Total revenues	946,435	946,435	935,100	(11,335)	2,459	2,459	2,459	-
EXPENDITURES:								
Education:								
Salaries	-	-	246,475	(246,475)	59	59	59	-
Benefits	-	-	108,261	(108,261)	-	-	-	-
Pension expense	-	-	194	(194)	-	-	-	-
Purchased services	330,109	358,530	381,360	(22,830)	2,400	2,400	2,400	-
Supplies and materials	10,334	45,490	11,464	34,026	-	-	-	-
Payments to other governments	605,992	542,415	189,946	352,469	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Capital outlay	-	-	32,400	(32,400)	-	-	-	-
Total expenditures	946,435	946,435	970,100	(23,665)	2,459	2,459	2,459	-
NET CHANGE IN FUND BALANCE (DEFICIT)			(35,000)				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (35,000)				\$ -	

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	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:								
State sources	\$ 65,898	\$ 65,898	\$ 33,198	\$ (32,700)	\$ 14,826	\$ 14,826	\$ 12,040	\$ (2,786)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>65,898</u>	<u>65,898</u>	<u>33,198</u>	<u>(32,700)</u>	<u>14,826</u>	<u>14,826</u>	<u>12,040</u>	<u>(2,786)</u>
EXPENDITURES:								
Education:								
Salaries	-	-	10,870	(10,870)	-	-	-	-
Benefits	-	-	832	(832)	-	-	-	-
Pension expense	-	-	806	(806)	-	-	-	-
Purchased services	16,206	16,206	17,571	(1,365)	7,270	7,270	6,423	847
Supplies and materials	179	179	-	179	218	218	38	180
Payments to other governments	49,513	49,513	35,819	13,694	7,338	7,338	5,579	1,759
Other objects	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>65,898</u>	<u>65,898</u>	<u>65,898</u>	<u>-</u>	<u>14,826</u>	<u>14,826</u>	<u>12,040</u>	<u>2,786</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			(32,700)				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>11,238</u>				<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (21,462)</u>				<u>\$ -</u>	

**BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017**

	<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	\$ 159,189	\$ 5,282	\$ 20,559	\$ 4,801	\$ 410	\$ 190,241
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>\$ 159,189</u>	<u>\$ 5,282</u>	<u>\$ 20,559</u>	<u>\$ 4,801</u>	<u>\$ 410</u>	<u>\$ 190,241</u>
LIABILITIES						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES						
None	-	-	-	-	-	-
FUND BALANCE						
Restricted	<u>159,189</u>	<u>5,282</u>	<u>20,559</u>	<u>4,801</u>	<u>410</u>	<u>190,241</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 159,189</u>	<u>\$ 5,282</u>	<u>\$ 20,559</u>	<u>\$ 4,801</u>	<u>\$ 410</u>	<u>\$ 190,241</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, 2017

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	\$ 25,039	\$ 2,931	\$ 3,166	\$ 1,072	\$ -	\$ 32,208
State sources	-	-	1,334	-	-	1,334
Total revenues	<u>25,039</u>	<u>2,931</u>	<u>4,500</u>	<u>1,072</u>	<u>-</u>	<u>33,542</u>
EXPENDITURES:						
Education:						
Salaries	-	298	-	-	-	298
Benefits	-	23	-	-	-	23
Pension expense	-	22	-	-	-	22
Purchased services	1,294	3	2,251	1,112	580	5,240
Supplies and materials	492	198	-	-	-	690
Total expenditures	<u>1,786</u>	<u>544</u>	<u>2,251</u>	<u>1,112</u>	<u>580</u>	<u>6,273</u>
NET CHANGE IN FUND BALANCE	23,253	2,387	2,249	(40)	(580)	27,269
FUND BALANCE, BEGINNING 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>
FUND BALANCE, END OF YEAR	<u>\$ 159,189</u>	<u>\$ 5,282</u>	<u>\$ 20,559</u>	<u>\$ 4,801</u>	<u>\$ 410</u>	<u>\$ 190,241</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2017

	<u>Distributive Fund</u>	<u>Distributive Interest Fund</u>	<u>School Facility Occupation Tax</u>	<u>Total</u>
ASSETS				
Cash (overdraft) and cash equivalents	\$ -	\$ 22,410	\$ (1)	\$ 22,409
Due from other governments	-	-	532,155	532,155
	<u>-</u>	<u>22,410</u>	<u>532,154</u>	<u>554,564</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 22,410</u>	<u>\$ 532,154</u>	<u>\$ 554,564</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 22,410</u>	<u>\$ 532,154</u>	<u>\$ 554,564</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, 2017

	<u>Balance,</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2017</u>
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ 50,327	\$ 13,491,141	\$ 13,541,468	\$ -
LIABILITIES				
Due to other governments	\$ 50,327	\$ 13,491,141	\$ 13,541,468	\$ -
DISTRIBUTIVE INTEREST FUND				
ASSETS				
Cash and cash equivalents	\$ 21,129	\$ 1,281	\$ -	\$ 22,410
LIABILITIES				
Due to other governments	\$ 21,129	\$ 1,281	\$ -	\$ 22,410
SCHOOL FACILITY OCCUPATION TAX				
ASSETS				
Cash (overdraft) and cash equivalents	\$ (1)	\$ 3,027,393	\$ 3,027,393	\$ (1)
Due from other governments	517,168	532,155	517,168	532,155
TOTAL ASSETS	<u>\$ 517,167</u>	<u>\$ 3,559,548</u>	<u>\$ 3,544,561</u>	<u>\$ 532,154</u>
LIABILITIES				
Due to other governments	\$ 517,167	\$ 3,559,548	\$ 3,544,561	\$ 532,154
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 71,455	\$ 16,519,815	\$ 16,568,861	\$ 22,409
Due from other governments	517,168	532,155	517,168	532,155
TOTAL ASSETS	<u>\$ 588,623</u>	<u>\$ 17,051,970</u>	<u>\$ 17,086,029</u>	<u>\$ 554,564</u>
LIABILITIES				
Due to other governments	\$ 588,623	\$ 17,051,970	\$ 17,086,029	\$ 554,564

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES
 Year Ended June 30, 2017

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	\$ 163,630	\$ -	\$ -	\$ -	\$ 404,662	\$ 495,183	\$ 473,490
Reorganization Incentive 3010	-	-	-	-	2,260	-	-
Reorganization Incentive 3015	-	-	-	-	1,335	-	-
Reorganization Incentive 3020	-	-	-	-	14,252	-	-
Education Fax. Tuition 3100	2,402	-	-	-	-	15,136	-
Education Extraordinary 3105	24,141	-	-	-	19,881	46,111	28,379
Education Personnel 3110	23,005	-	-	-	23,576	41,929	32,189
Orphanage Group 3120	1,794	-	-	-	-	2,039	-
Bilingual Education 3305	-	-	-	-	-	1,893	-
Illinois Free Lunch 3360	191	-	-	-	228	909	1,041
Driver Education 3370	-	-	-	-	-	3,687	-
Transportation Regular 3500	54,918	-	-	-	29,958	46,853	15
Transportation Special Education 3510	44,155	-	-	-	25,402	46,011	8,016
School Bus Driver Training 3520	-	-	-	-	-	-	-
Truants Alternative Education 3695	-	-	-	-	-	-	-
Regional Safe Schools 3696	-	-	-	-	-	-	-
Early Childhood Block Grant 3705	34,125	-	-	-	44,068	63,414	53,591
ROE/ISC Operations 3730	-	-	-	-	-	-	-
Other State Programs 3999	-	-	-	-	-	-	-
National School Lunch 4210	20,393	-	-	-	40,523	37,679	18,895
Lunch, Breakfast and Milk 4215	-	-	-	-	-	-	-
Breakfast Program 4220	5,144	-	-	-	14,237	12,132	5,142
Title I Delinquent 4306	-	-	-	-	-	-	-
Summer Food 4225	-	-	-	-	-	-	-
Title I 4300	48,552	-	-	-	27,690	32,546	49,723
21st Century Community Learning 4421	-	-	-	-	-	-	-
Education Room & Board 4625	-	-	-	-	3,998	24,939	-
Title III Language 4909	-	-	-	-	-	-	-
Renovation IDEA & Tech 4932	12,280	-	-	-	7,007	14,805	-
Title II Teacher Quality Leadership 4935	-	-	-	-	-	-	-
Math and Science 4936	-	-	-	-	-	-	-
School Facility Occupation Tax	-	1,802	981	53,771	-	-	164,402
Other	-	-	-	-	-	-	-
Totals	<u>\$ 434,730</u>	<u>\$ 1,802</u>	<u>\$ 981</u>	<u>\$ 53,771</u>	<u>\$ 659,077</u>	<u>\$ 885,266</u>	<u>\$ 834,883</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, 2017

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	\$ -	\$ 511,513	\$ 366,532	\$ -	\$ 199,028	\$ 192,762
Reorganization Incentive 3010	-	-	-	-	-	-
Reorganization Incentive 3015	-	-	-	-	-	-
Reorganization Incentive 3020	-	-	-	-	-	-
Education Fax. Tuition 3100	-	132	-	-	-	-
Education Extraordinary 3105	-	64,661	36,567	-	24,836	15,480
Education Personnel 3110	-	60,276	11,425	-	15,263	8,441
Orphanage Group 3120	-	76,352	8,154	-	-	-
Bilingual Education 3305	-	-	-	-	-	-
Illinois Free Lunch 3360	-	293	628	-	152	455
Driver Education 3370	-	4,004	2,078	-	1,154	-
Transportation Regular 3500	-	81,643	22,230	-	21,957	127
Transportation Special Education 3510	-	25,597	65,278	-	16,300	11,371
School Bus Driver Training 3520	-	-	-	-	-	-
Truants Alternative Education 3695	-	-	-	-	-	-
Regional Safe Schools 3696	-	-	-	-	-	-
Early Childhood Block Grant 3705	-	-	13,199	-	49,336	-
ROE/ISC Operations 3730	-	-	-	-	-	-
Other State Programs 3999	-	-	-	-	-	-
National School Lunch 4210	-	19,418	47,564	-	8,129	6,381
Lunch, Breakfast and Milk 4215	-	-	281	-	-	54
Breakfast Program 4220	-	-	4,061	-	-	1,688
Title I Delinquent 4306	-	9,775	-	-	-	-
Summer Food 4225	-	-	-	-	-	-
Title I 4300	-	30,078	35,586	-	4,265	2,494
21st Century Community Learning 4421	-	-	-	-	-	-
Education Room & Board 4625	-	-	-	-	-	-
Title III Language 4909	-	-	-	-	-	-
Renovation IDEA & Tech 4932	-	6,039	11,970	-	12,262	-
Title II Teacher Quality Leadership 4935	-	-	-	-	-	-
Math and Science 4936	-	-	-	-	-	-
School Facility Occupation Tax	821	368,653	199,841	138,515	109,026	178,364
Other	-	-	-	-	-	-
Totals	<u>\$ 821</u>	<u>\$ 1,258,434</u>	<u>\$ 825,394</u>	<u>\$ 138,515</u>	<u>\$ 461,708</u>	<u>\$ 417,617</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, 2017

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	\$ -	\$ 3,619,558	\$ 352,724	\$ 98,613	\$ 66,732	\$ 6,944,427
Reorganization Incentive 3010	-	-	-	-	-	2,260
Reorganization Incentive 3015	-	-	-	-	-	1,335
Reorganization Incentive 3020	-	-	-	-	-	14,252
Education Fax, Tuition 3100	-	51,035	-	2,202	-	70,907
Education Extraordinary 3105	-	131,413	19,269	32,521	-	443,259
Education Personnel 3110	-	37,087	5,873	58,106	-	317,170
Orphanage Group 3120	-	28,035	7,228	45,033	-	168,635
Bilingual Education 3305	-	24,076	-	-	-	25,969
Illinois Free Lunch 3360	-	4,684	493	340	-	9,414
Driver Education 3370	-	7,529	-	6,343	-	24,795
Transportation Regular 3500	-	180,278	13,505	8,997	-	460,481
Transportation Special Education 3510	-	53,583	12,312	14,341	-	322,366
School Bus Driver Training 3520	-	-	-	-	2,647	2,647
Truants Alternative Education 3695	-	-	-	-	12,830	12,830
Regional Safe Schools 3696	-	-	-	-	27,665	27,665
Early Childhood Block Grant 3705	-	223,312	-	-	338,686	819,731
ROE/ISC Operations 3730	-	-	-	-	178,279	178,279
Other State Programs 3999	-	-	-	-	14,826	14,826
National School Lunch 4210	-	205,011	6,670	23,446	-	434,109
Lunch, Breakfast and Milk 4215	-	-	-	-	-	335
Breakfast Program 4220	-	69,662	1,443	3,547	-	117,056
Title I Delinquent 4306	-	-	-	-	-	9,775
Summer Food 4225	-	43,366	-	-	-	43,366
Title I 4300	-	213,459	50,545	38,543	-	533,481
21st Century Community Learning 4421	-	-	-	-	1,283,148	1,283,148
Education Room & Board 4625	-	122,356	-	-	-	151,293
Title III Language 4909	-	859	-	-	-	859
Renovation IDEA & Tech 4932	-	36,392	11,882	236	-	112,873
Title II Teacher Quality Leadership 4935	-	-	-	-	2,635	2,635
Math and Science 4936	-	-	-	-	940,965	940,965
School Facility Occupation Tax	933,333	669,249	208,635	-	-	3,027,393
Other	-	-	-	-	50,325	50,325
Totals	<u>\$ 933,333</u>	<u>\$ 5,720,944</u>	<u>\$ 690,579</u>	<u>\$ 332,268</u>	<u>\$ 2,918,738</u>	<u>\$ 16,568,861</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION NO. 28
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2017

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	16-4421-13	96,036
Twenty-First Century Community Learning Centers	84.287C	16-4421-15	106,015
Twenty-First Century Community Learning Centers	84.287C	16-4421-25	61,372
Twenty-First Century Community Learning Centers	84.287C	17-4421-13	530,540
Twenty-First Century Community Learning Centers	84.287C	17-4421-15	371,609
Twenty-First Century Community Learning Centers	84.287C	17-4421-25	430,420
(M)Total Twenty-First Century Community Learning Centers			<u>1,595,992</u>
Mathematics and Science Partnerships			
Mathematics and Science Partnerships	84.366B	16-4936-LP	360,829
Mathematics and Science Partnerships	84.366B	17-4936-LP	609,271
Total Mathematics and Science Partnerships			<u>970,100</u>
Improving Teacher Quality State Grants			
Title II Teacher Quality Leadership	84.367A	17-4935-02	2,459
Passed-Through Lee/Ogle/Whiteside Counties Regional Office of Education No. 47			
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	17-4920-00	22,452
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	17-4331-SS	53,386
Total U.S. Department of Education			<u>2,664,313</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	40,543
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,704,856</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, 2017**

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, 2017. 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.