

**State of Illinois**  
**HENDERSON/KNOX/MERCER/WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #33**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2017**

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
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HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Ms. Jodi Scott

Assistant Regional Superintendent  
(Current and During the Audit Period)

Ms. Lori Loving

Offices are located at:

105 North E Street  
Monmouth, Illinois 61462

121 S. Prairie Street  
Galesburg, IL 61401

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports do not contain scope limitations, disclaimers, or other significant nonstandard 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	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

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

2017-001	11a	Controls over Financial Statement Preparation	Material Weakness
2017-002	11c	Inadequate Internal Control Procedures	Material Weakness

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

None

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on November 15, 2017, with Jodi Scott, Regional Superintendent; Julie Lant, Bookkeeper; and Tami Knight, Kemper CPA Group. Responses to the recommendations were provided by Jodi Scott, Regional Superintendent on January 31, 2018.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #33's basic financial statements.



## INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions on pages 14a through 14g and 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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, and the combining fund financial statements 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, and the combining fund financial statements 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 May 1, 2018 on our consideration of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
May 1, 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements, and have issued our report thereon dated May 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control. Accordingly, we do not express an opinion on the effectiveness of Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2017-001 and 2017-002 that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 #33's Responses to Findings

Henderson/Knox/Mercer/Warren Regional Office of Education #33's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
May 1, 2018

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements in accordance with GAAP**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Finding 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #33 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund 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, this 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 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 liabilities/assets, deferred inflows and outflows 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:**

During review of the financial information prepared by the Regional Office of Education #33, auditors noted the following:

- The Regional Office of Education #33 does not have sufficient internal controls over the financial reporting process. While the Regional Office 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 financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Finding 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1) (Continued)**

**Condition (Concluded):**

- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to the ROE management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements.

The complex requirements of GASB Statements No. 68 and No. 71 will require additional time and training before the Regional Office of Education #33 can fully implement the requirements on its own.

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #33 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is confident with the accounting staff and the preparation of financial information. When fiscally possible, additional training or hiring of additional staff will be pursued.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Repeat of Finding 16-002)**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

**Condition:**

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. Several restricted Education Funds are carrying fund balances for excess grant funding from previous fiscal years.
- B. No documented evidence of independent review of completed bank reconciliations.
- C. No documented evidence of independent review of cash receipts to deposit slips which are then compared to the general ledger.
- D. There was not supporting documentation or documented evidence of independent review for 12 of 15 journal entries tested.
- E. The Early Childhood Block Grant’s (3705-00) first quarter expenditure report was filed thirteen days late.
- F. The Regional Safe School’s Cooperative expenditure report was submitted based on budgeted amounts verses the actual amounts per the general ledger.
- G. During testing of IMRF census data seven instances were noted where employee census data in the IMRF system did not agree to the documents in the employee’s file. In addition, one instance was noted where an employee was enrolled in IMRF prior to meeting eligibility requirements.
- H. One instance was noted of the Regional Office incurring a late fee and interest charges on a credit card statement in the amount of \$39, and \$147, respectively.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Repeat of Finding 16-002)  
(Continued)**

**Effect:**

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

**Cause:**

The Regional Office of Education #33 has not established or documented sufficient internal control procedures.

**Auditor's Recommendation:**

- A. The Regional Office should spend all the grant money or send back the unspent portion to the grantor at the end of the grant agreement.
- B. The Regional Office should have an individual, independent of the accounting system, document review on the bank reconciliation.
- C. The Regional Office should develop internal controls to ensure there is documented review of all cash receipts and that receipts agree to the deposit slips and general ledger.
- D. All journal entries should be supported with appropriate documentation and have evidence of review and approval by an individual independent of the general ledger processes.
- E. The Regional Office should ensure expenditure reports are submitted timely.
- F. The Regional Office should ensure expenditure reports are supported by the general ledger detail.
- G. The Regional Office should develop internal controls to ensure all census data transmitted to IMRF is accurate and agrees to the employee's file. In addition, the Regional Office should ensure an employee meets all eligibility requirements prior to being enrolled in IMRF.
- H. The Regional Office should ensure all credit card statements are paid timely to avoid the additional late fees and interest.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Repeat of Finding 16-002)  
(Concluded)**

**Management's Response:**

The Regional Office agrees with the auditor's recommendations. In addition, the Regional Office has already corrected many of the internal control issues noted and continues to work on improving controls over our financial processes.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Corrective Action Plan**

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Finding 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Condition:**

During review of the financial information prepared by the Regional Office of Education #33, auditors noted the following:

- The Regional Office of Education #33 does not have sufficient internal controls over the financial reporting process. While the Regional Office 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 financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office’s accounting records, auditors noted the Regional Office’s financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office’s management.

**Plan:**

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office of Education will continue to provide training for staff in utilizing the full range of financial technology that exists.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Corrective Action Plan (Continued)**

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Repeat of Finding 16-002)**

**Condition:**

Auditors noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. Several restricted Education Funds are carrying fund balances for excess grant funding from previous fiscal years.
- B. No documented evidence of independent review of completed bank reconciliations.
- C. No documented evidence of independent review of cash receipts to deposit slips which are then compared to the general ledger.
- D. There was not supporting documentation or documented evidence of independent review for 12 of 15 journal entries tested.
- E. The Early Childhood Block Grant's (3705-00) first quarter expenditure report was filed thirteen days late.
- F. The Regional Safe School's Cooperative expenditure report was submitted based on budgeted amounts verses the actual amounts per the general ledger.
- G. During testing of IMRF census data seven instances were noted where employee census data in the IMRF system did not agree to the documents in the employee's file. In addition, one instance was noted where an employee was enrolled in IMRF prior to meeting eligibility requirements.
- H. One instance was noted of the Regional Office incurring a late fee and interest charges on a credit card statement in the amount of \$39, and \$147, respectively.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Corrective Action Plan (Continued)**

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Continued) (Repeat of Finding 16-002)**

**Plan:**

- A. The Regional Office of Education will spend all the grant money or send back the unspent portion to the grantor at the end of the grant agreement.
- B. The Regional Office of Education will have an individual, independent of the accounting system, document their review on the bank reconciliation.
- C. The Regional Office of Education will develop internal controls to ensure there is documented review of all cash receipts and that the receipts agree to the deposit slips and general ledger.
- D. The Regional Office of Education will have the Regional Superintendent sign off on the journal entries after she reviews and approves them.
- E. The Regional Office of Education will ensure expenditure reports are submitted timely.
- F. The Regional Office of Education will ensure expenditure reports are filed out with the amounts per the general ledger.
- G. The Regional Office of Education will ensure all IMRF information is filed out in accordance with the employee's file.
- H. The Regional Office of Education will ensure to pay all credit card statements on time to avoid late fees and interest charges.

**Anticipated Date of Completion:**

June 30, 2018

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
JUNE 30, 2017

None.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

The Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 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. We encourage readers to consider this information with the Regional Office of Education #33's financial statements, which follow.

**2017 Financial Highlights**

General Fund revenues increased by \$63,411, from \$1,036,524 in fiscal year 2016 (FY16) to \$1,099,935 in fiscal year 2017 (FY17). The General Fund expenditures decreased by \$183,005, from \$907,046 in FY16 to \$724,041 in FY17. The Regional Office experienced an increase in the General Fund's fund balance of \$1,205,557 in FY16 to \$1,562,049 in FY17.

The Special Revenue Funds revenue increased by \$783,818, from \$1,438,226 in FY16 to \$2,222,044 in FY17. Their expenditures increased by \$878,884 from \$1,464,736 in FY16 to \$2,343,620 in FY17.

**Using This Annual Report**

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office'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 #33 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the nonmajor funds.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Reporting the Regional Office of Education #33 as a Whole**

**The Statement of Net Position and the Statement of Activities**

The government-wide statements report information about the Regional Office of Education #33 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office of Education #33's assets, liabilities, and deferred inflow and outflows of resources. All of the current-year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Office's net position and how it has changed. Net position—the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—is one way to measure the Office's health.

- Over time, increases or decreases in the net position can be an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the Office's overall health, additional nonfinancial 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 detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which 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 #33 established other funds to control and manage money for particular purposes.

- 1) Governmental funds account for a majority of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balance left at year end that is available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's governmental funds include the General Fund and the Special Revenue Funds.

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Fund Financial Statements (Concluded)**

- 2) Proprietary funds account for services for which the Regional Office of Education #33 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

- 3) Fiduciary funds account for assets for which the Regional Office of Education #33 acts as fiscal agent for individuals and private or governmental organizations.

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

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements is included after each governmental fund financial statement.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office of Education #33's net position increased by \$439,584, from \$1,068,257 in FY16 to \$1,507,841 in FY17.

Net position related to the Education Fund and the Nonmajor Special Revenue Funds is considered restricted for educational purposes.

The analysis that follows provides a summary of the Office's net position at June 30, 2017 and 2016.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Government-Wide Financial Analysis (Continued)**

**CONDENSED STATEMENT OF NET POSITION**

June 30, 2017 and 2016

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Current Assets	\$ 2,452,158	\$ 1,600,062	\$ 225,160	\$ 85,134	\$ 2,677,318	\$ 1,685,196
Noncurrent Assets						
Capital assets, net of depreciation	40,067	17,725	809	-	40,876	17,725
<b>TOTAL ASSETS</b>	<b>2,492,225</b>	<b>1,617,787</b>	<b>225,969</b>	<b>85,134</b>	<b>2,718,194</b>	<b>1,702,921</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	1,006,504	379,417	-	-	1,006,504	379,417
<b>LIABILITIES</b>						
Current Liabilities	683,610	205,396	-	-	683,610	205,396
Noncurrent Liabilities						
Net pension liability	1,045,765	588,808	-	-	1,045,765	588,808
<b>TOTAL LIABILITIES</b>	<b>1,729,375</b>	<b>794,204</b>	<b>-</b>	<b>-</b>	<b>1,729,375</b>	<b>794,204</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	487,482	219,877	-	-	487,482	219,877
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	40,067	17,725	809	-	40,876	17,725
Restricted for educational purposes	173,096	189,109	-	-	173,096	189,109
Unrestricted	1,068,709	776,289	225,160	85,134	1,293,869	861,423
<b>TOTAL NET POSITION</b>	<b>\$ 1,281,872</b>	<b>\$ 983,123</b>	<b>\$ 225,969</b>	<b>\$ 85,134</b>	<b>\$ 1,507,841</b>	<b>\$ 1,068,257</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Government-Wide Financial Analysis (Concluded)**

**CHANGES IN NET POSITION**

For the Years Ended June 30, 2017 and 2016

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Operating grants & contributions	\$ 2,300,870	\$ 1,511,596	\$ -	\$ -	\$ 2,300,870	\$ 1,511,596
Charges for services	-	-	175,138	86,390	175,138	86,390
General revenues:						
Local sources	455,054	483,701	-	-	455,054	483,701
State sources	398,596	214,149	-	-	398,596	214,149
On-behalf payments	556,238	445,725	-	-	556,238	445,725
Transfers	-	-	-	-	-	-
Investment income	2,859	2,244	-	-	2,859	2,244
Total Revenues	<u>3,713,617</u>	<u>2,657,415</u>	<u>175,138</u>	<u>86,390</u>	<u>3,888,755</u>	<u>2,743,805</u>
Expenses:						
Salaries & benefits	1,601,591	1,200,421	11,176	21,106	1,612,767	1,221,527
Purchased services	366,578	348,112	20,664	17,185	387,242	365,297
Supplies and materials	202,878	56,724	2,373	5,836	205,251	62,560
Depreciation	6,321	3,443	90	-	6,411	3,443
Other objects	774	-	-	-	774	-
Payments to other governments	463,311	379,535	-	-	463,311	379,535
Pension expense	218,532	85,758	-	-	218,532	85,758
On-behalf payments	556,238	445,725	-	-	556,238	445,725
Total Expenses	<u>3,416,223</u>	<u>2,519,718</u>	<u>34,303</u>	<u>44,127</u>	<u>3,450,526</u>	<u>2,563,845</u>
Change in net position	297,394	137,697	140,835	42,263	438,229	179,960
Net position - Beginning (Restated)	<u>984,478</u>	<u>845,426</u>	<u>85,134</u>	<u>42,871</u>	<u>1,069,612</u>	<u>888,297</u>
Net position - Ending	<u>\$ 1,281,872</u>	<u>\$ 983,123</u>	<u>\$ 225,969</u>	<u>\$ 85,134</u>	<u>\$ 1,507,841</u>	<u>\$ 1,068,257</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Governmental Activities**

For FY17, revenues for governmental activities were \$3,713,617 and expenditures were \$3,416,223. Revenues and expenses both increased from FY16.

**Business-Type Activities**

Combined revenue and expense for the Regional Office of Education #33's business-type activities increased net position by \$140,835.

**Financial Analysis of the Regional Office of Education #33 Funds**

As previously noted, the Regional Office of Education #33 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$1,594,624 in FY17 and \$1,338,951 in FY16, an increase of \$255,673 (19%). The Regional Office's proprietary funds' net position was \$225,969 in FY17 and \$85,134 in FY16, an increase of \$140,835 (165%).

**Governmental Fund Highlights**

Revenues for governmental funds were \$3,321,979 and expenditures were \$3,067,661 in FY17. Both increased from FY16.

**Proprietary Fund Highlights**

Revenues for proprietary funds were \$175,138 and expenses were \$34,303 in FY17. The increase in revenues from FY17 were mainly attributable to an increase in fees for services in the Fingerprinting Fund. This was due to an increase in the number background checks performed as a result of the Regional Office adding two more counties to its educational service region which is directly related to the consolidation. Expenses decreased from FY17 amounts which were related to less supplies and materials ordered by the entities that were serviced by the Western Area Purchasing Co-op in FY16.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Budgetary Highlights**

The Office annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles when required by the granting agency. The Illinois State Board of Education reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budget may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education. Schedules showing the budget amounts compared to the Office's actual financial activity are included in supplementary information of this report.

**Capital Assets**

The beginning value of capital assets increased during FY17. New asset additions totaled \$29,562 in FY17 and depreciation expense totaled \$6,411.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Regional Office of Education #33 was aware of several existing circumstances that could affect its financial condition in the future:

- With the State of Illinois in the midst of an unprecedented financial crisis, the status of grant funding for the upcoming fiscal year could cause sizeable cuts to State programs and significant delays in payments.
- The Regional Office of Education #33 will apply for any renewals of current grant funding and will send RFP's for other grant funding that can be utilized through our office to provide services in the Henderson, Knox, Mercer and Warren counties.
- The Regional Office of Education #33 is required to maintain a high level of liability insurance due to a larger operation.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #33, 105 North E Street, Monmouth, IL 61462, 309-734-6822.

## BASIC FINANCIAL STATEMENTS

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,894,548	\$ 225,160	\$ 2,119,708
Accounts receivable	14,098	-	14,098
Due from other governments:			
Local	65,850	-	65,850
State	387,006	-	387,006
Federal	90,656	-	90,656
Total Current Assets	<u>2,452,158</u>	<u>225,160</u>	<u>2,677,318</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	<u>40,067</u>	<u>809</u>	<u>40,876</u>
Total Noncurrent Assets	<u>40,067</u>	<u>809</u>	<u>40,876</u>
<b>TOTAL ASSETS</b>	<u>2,492,225</u>	<u>225,969</u>	<u>2,718,194</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>1,006,504</u>	<u>-</u>	<u>1,006,504</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	14,137	-	14,137
Accrued expenses	13,068	-	13,068
Due to other governments:			
Local	3,818	-	3,818
Unearned revenue	<u>652,587</u>	<u>-</u>	<u>652,587</u>
Total Current Liabilities	<u>683,610</u>	<u>-</u>	<u>683,610</u>
Noncurrent Liabilities:			
Net pension liability	<u>1,045,765</u>	<u>-</u>	<u>1,045,765</u>
Total Noncurrent Liabilities	<u>1,045,765</u>	<u>-</u>	<u>1,045,765</u>
<b>TOTAL LIABILITIES</b>	<u>1,729,375</u>	<u>-</u>	<u>1,729,375</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>487,482</u>	<u>-</u>	<u>487,482</u>
<b>NET POSITION</b>			
Invested in capital assets	40,067	809	40,876
Restricted-other	173,096	-	173,096
Unrestricted	<u>1,068,709</u>	<u>225,160</u>	<u>1,293,869</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,281,872</u>	<u>\$ 225,969</u>	<u>\$ 1,507,841</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	1,601,591	-	1,440,438	\$ (161,153)	\$ -	\$ (161,153)
Purchased services	366,578	-	230,115	(136,463)	-	(136,463)
Supplies and materials	202,878	-	180,984	(21,894)	-	(21,894)
Other objects	774	-	-	(774)	-	(774)
Depreciation expense	6,321	-	-	(6,321)	-	(6,321)
Capital outlay	-	-	28,663	28,663	-	28,663
Payments to other governments	463,311	-	420,670	(42,641)	-	(42,641)
Pension expense	218,532	-	-	(218,532)	-	(218,532)
Administrative:						
On-behalf payments - State	556,238	-	-	(556,238)	-	(556,238)
Total Governmental Activities	<u>3,416,223</u>	<u>-</u>	<u>2,300,870</u>	<u>(1,115,353)</u>	<u>-</u>	<u>(1,115,353)</u>
Business-Type Activities:						
Fees for services	34,303	175,138	-	-	140,835	140,835
Total Business-Type Activities	<u>34,303</u>	<u>175,138</u>	<u>-</u>	<u>-</u>	<u>140,835</u>	<u>140,835</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u><u>3,450,526</u></u>	<u><u>\$ 175,138</u></u>	<u><u>2,300,870</u></u>	<u><u>(1,115,353)</u></u>	<u><u>140,835</u></u>	<u><u>(974,518)</u></u>
GENERAL REVENUES:						
				455,054	-	455,054
				398,596	-	398,596
				556,238	-	556,238
				2,859	-	2,859
			Total general revenues	<u>1,412,747</u>	<u>-</u>	<u>1,412,747</u>
CHANGE IN NET POSITION				297,394	140,835	438,229
NET POSITION - BEGINNING (Restated, see Note 13)				<u>984,478</u>	<u>85,134</u>	<u>1,069,612</u>
NET POSITION - ENDING				<u><u>\$ 1,281,872</u></u>	<u><u>\$ 225,969</u></u>	<u><u>\$ 1,507,841</u></u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,089,953	\$ 675,967	\$ 128,628	\$ -	\$ 1,894,548
Due from other funds	440,841	-	-	(440,841)	-
Due from other governments:					
Local	65,850	-	-	-	65,850
State	-	385,697	1,309	-	387,006
Federal	-	90,656	-	-	90,656
Accounts receivable	13,835	-	263	-	14,098
<b>TOTAL ASSETS</b>	<b><u>\$ 1,610,479</u></b>	<b><u>\$ 1,152,320</u></b>	<b><u>\$ 130,200</u></b>	<b><u>\$ (440,841)</u></b>	<b><u>\$ 2,452,158</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 14,137	\$ -	\$ -	\$ 14,137
Accrued expenses	-	13,068	-	-	13,068
Due to other funds	11,347	429,494	-	(440,841)	-
Due to other governments:					
Local	3,680	138	-	-	3,818
Unearned revenue	-	652,587	-	-	652,587
<b>Total Liabilities</b>	<b><u>15,027</u></b>	<b><u>1,109,424</u></b>	<b><u>-</u></b>	<b><u>(440,841)</u></b>	<b><u>683,610</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	33,403	140,521	-	-	173,924
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	42,610	130,200	-	172,810
Assigned	75,284	-	-	-	75,284
Unassigned	1,486,765	(140,235)	-	-	1,346,530
<b>Total Fund Balance (Deficit)</b>	<b><u>1,562,049</u></b>	<b><u>(97,625)</u></b>	<b><u>130,200</u></b>	<b><u>-</u></b>	<b><u>1,594,624</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE</b>	<b><u>\$ 1,610,479</u></b>	<b><u>\$ 1,152,320</u></b>	<b><u>\$ 130,200</u></b>	<b><u>\$ (440,841)</u></b>	<b><u>\$ 2,452,158</u></b>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2017

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS		\$ 1,594,624
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		40,067
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred inflows of resources in the governmental funds.</p> <p style="padding-left: 40px;">Current year unavailable revenue</p>		173,924
<p>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:</p>		
Deferred outflows of resources	\$ 1,006,504	
Deferred inflows of resources	<u>(487,482)</u>	519,022
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
IMRF net pension liability	\$ (215,621)	
TRS net pension liability	<u>(830,144)</u>	<u>(1,045,765)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,281,872</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 412,906	\$ -	\$ 27,272	\$ -	\$ 440,178
State sources	401,467	1,685,651	1,309	-	2,088,427
Federal sources	-	507,706	-	-	507,706
On-behalf payments - State	282,809	-	-	-	282,809
Investment earnings	2,753	-	106	-	2,859
Total Revenues	<u>1,099,935</u>	<u>2,193,357</u>	<u>28,687</u>	<u>-</u>	<u>3,321,979</u>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	266,937	1,327,632	7,022	-	1,601,591
Pension expense	15,213	105,449	395	-	121,057
Purchased services	129,219	228,508	8,851	-	366,578
Supplies and materials	28,463	173,778	637	-	202,878
Other objects	-	-	774	-	774
Payments to other governments	-	463,311	-	-	463,311
On-behalf payments - State	282,809	-	-	-	282,809
Capital outlay	1,400	27,263	-	-	28,663
Total Expenditures	<u>724,041</u>	<u>2,325,941</u>	<u>17,679</u>	<u>-</u>	<u>3,067,661</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>375,894</u>	<u>(132,584)</u>	<u>11,008</u>	<u>-</u>	<u>254,318</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	19,402	-	(19,402)	-
Transfers out	(19,402)	-	-	19,402	-
Total Other Financing Sources (Uses)	<u>(19,402)</u>	<u>19,402</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	356,492	(113,182)	11,008	-	254,318
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>					
(Restated, see Note 13)	<u>1,205,557</u>	<u>15,557</u>	<u>119,192</u>	<u>-</u>	<u>1,340,306</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ 1,562,049</u>	<u>\$ (97,625)</u>	<u>\$ 130,200</u>	<u>\$ -</u>	<u>\$ 1,594,624</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 254,318

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

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

Capital outlay	\$ 28,663	
Depreciation expense	<u>(6,321)</u>	22,342

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Current year unavailable revenue	\$ 173,924	
Prior year unavailable revenue	<u>(55,715)</u>	118,209

Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned, net		<u>(97,475)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 297,394

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		TOTALS
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 181,582	\$ 43,578	\$ 225,160
Total current assets	181,582	43,578	225,160
Noncurrent assets:			
Capital assets, being depreciated, net	809	-	809
TOTAL ASSETS	182,391	43,578	225,969
<b>NET POSITION</b>			
Invested in capital assets	809	-	809
Unrestricted	181,582	43,578	225,160
TOTAL NET POSITION	\$ 182,391	\$ 43,578	\$ 225,969

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities		TOTALS
	Enterprise Funds		
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
OPERATING REVENUES			
Fees for services	\$ 165,056	\$ 10,082	\$ 175,138
Total Operating Revenues	<u>165,056</u>	<u>10,082</u>	<u>175,138</u>
OPERATING EXPENSES			
Salaries and benefits	11,176	-	11,176
Purchased services	17,155	3,509	20,664
Supplies and materials	2,347	26	2,373
Depreciation	90	-	90
Total Operating Expenses	<u>30,768</u>	<u>3,535</u>	<u>34,303</u>
OPERATING INCOME	134,288	6,547	140,835
NET POSITION - BEGINNING	<u>48,103</u>	<u>37,031</u>	<u>85,134</u>
NET POSITION - ENDING	<u>\$ 182,391</u>	<u>\$ 43,578</u>	<u>\$ 225,969</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		TOTALS
	Major	Nonmajor	
	Professional Development - Consortium	Staff Development	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 165,056	\$ 10,082	\$ 175,138
Payments to suppliers and providers of goods and services	(19,502)	(3,535)	(23,037)
Payments to employees	(11,176)	-	(11,176)
Net Cash Provided by (used for) Operating Activities	<u>134,378</u>	<u>6,547</u>	<u>140,925</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(899)	-	(899)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(899)</u>	<u>-</u>	<u>(899)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	133,479	6,547	140,026
Cash and cash equivalents - Beginning	<u>48,103</u>	<u>37,031</u>	<u>85,134</u>
Cash and cash equivalents - Ending	<u>\$ 181,582</u>	<u>\$ 43,578</u>	<u>\$ 225,160</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 134,288	\$ 6,547	\$ 140,835
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	<u>90</u>	<u>-</u>	<u>90</u>
Net Cash Provided by Operating Activities	<u>\$ 134,378</u>	<u>\$ 6,547</u>	<u>\$ 140,925</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 249
Due from other governments	1,483,079
<b>TOTAL ASSETS</b>	<b>\$ 1,483,328</b>
 <b>LIABILITIES</b>	
Due to other governments	\$ 1,483,328
<b>TOTAL LIABILITIES</b>	<b>\$ 1,483,328</b>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2017, the Regional Office of Education #33 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 77, *Tax Abatements Disclosures*; GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*; GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Regional Office of Education #33 implemented these standards during the current year. The implementation of GASB Statement No. 74 establishes standards for the financial reports of defined benefit OPEB plans administered through trusts that meet specified criteria. The implementation of GASB Statement No. 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The implementation of GASB Statement No. 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local government employers through cost-sharing multiple-employer defined pension plan and establishes requirements for recognition and measurement of pension expense, expenditures, liabilities, note disclosures, and required supplementary information for pensions. The implementation of GASB Statement No. 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The implementation of GASB Statement No. 82 clarifies the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee or plan member contribution requirements.

A. DATE OF MANAGEMENT'S REVIEW

The Regional Office of Education #33 has evaluated subsequent events through May 1, 2018, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping the reports and statements returned by school treasurers and trustees.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #33's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

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

For the period ended June 30, 2017, the Regional Office of Education #33 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #33 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #33 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #33 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #33 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #33 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #33 being considered a component unit of the entity.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #33's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #33 has three business-type activities that rely on fees and charges for support.

The Regional Office of Education #33's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #33 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #33's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenues received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #33; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #33 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #33's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #33 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #33 uses governmental, proprietary, and fiduciary funds.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #33 has presented all major funds that met the above qualifications. The Regional Office of Education #33 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.

General State Aid – Accounts for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Even Start Local – Accounts for local grant monies received for, and payment of, expenditures incurred for the Even Start program.

High Roads Youth Programs – Accounts for local grant monies received for, and payment of, expenditures incurred for the High Roads Youth Programs.

Local Galesburg Community Foundation – Accounts for local grant monies received for, and payment of, expenditures incurred to educate students about the city of Galesburg, and the many opportunities that the community can offer them.

American College Test (ACT) Class – Accounts for the administration of classes to prepare students for the ACT.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Criminal Background Investigation – Accounts for the assessments received from the school districts to pay for the processing of background checks of substitute teachers and expenditures incurred providing this service to the school districts.

Testing Center – Accounts for activity from PearsonVue for various testing.

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

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

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional Safe Schools Cooperative – This program provides support for the individual needs and learning styles of students while focusing on twelve employability skills recognized by adult service agencies.

ROE/ISC Operations – Used to develop and implement a regional improvement plan.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #33 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Truants Alternative Education – To establish and expand program options outside of regular school attendance to prevent students from becoming chronic truants or dropping out of school and to focus on employability skills for those 16-21 years of age.

State Free Lunch and Breakfast – Used to account for grant monies received for, and payment of, expenditures for the State Free Lunch and Breakfast Program.

National School Lunch Program – Used to account for grant monies received for, and payment of, expenditures for the National School Lunch Program.

School Breakfast Program – Used to account for grant monies received for, and payment of, expenditures for the School Breakfast Program.

Ounce of Prevention CLASS – Used to account for monies intended to ensure that instructional leaders have the practical resources necessary to install and sustain embedded professional development routines with teachers through CLASS courses.

Ounce of Prevention Conscience Discipline – Used to account for monies intended to ensure that instructional leaders have the practical resources necessary to install and sustain embedded professional development routines with teachers through Conscience Discipline courses.

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

Early Childhood – Monitoring – Accounts for the grant monies received for, and payment of, expenditures incurred for the Early Childhood – Monitoring Grant.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

Title IV 21<sup>st</sup> Century Community Learning Centers – Used to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to meet State and local student standards in core academic subjects, to offer students a broad array of enrichment activities that can complement their regular academic programs, and to offer literacy and other educational services to the families of participating children.

Adult Education and Family Literacy – State Basic – Used to account for grant monies received for, and payment of, expenditures incurred for students in high school, General Educational Development, and computer classes with high reading levels.

Adult Education and Family Literacy – State Performance – Used to account for grant monies for formula-driven rewards for successful completion of the program.

Adult Education and Family Literacy – Public Assistance – Used to account for grant monies received from the Department of Human Services for expenditures incurred for educational services given for students on public assistance.

Adult Education and Family Literacy – Pilot Grant – Used to account for grant monies received for, and payment, of expenditures to offer basic English language instruction through ESL classes for adult community members, whose primary language is not English.

Federal Adult Education – Basic – Used to account for federal grant monies received for, and payment of, education and literacy for adults.

Gifted Education – Used to account for the grant monies received for, and payment of, expenditures incurred for the Gifted Education Grant.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

The Regional Office of Education #33 reports the following nonmajor special revenue funds:

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees for teaching licenses and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #33 reports the following major proprietary fund:

Professional Development – Consortium – Used to account for monies from a joint effort between the Regional Office of Education #33 and Regional Office of Education #26 to provide professional development courses to district teachers in the respective Regional Office's regions.

The Regional Office of Education #33 reports the following nonmajor proprietary fund.

Staff Development – Used to account for local revenues and disbursements related to the development of staff.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #33 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

School Facility Occupation Tax – Accounts for the assets held by the Regional Office of Education #33 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are distributed to the school districts.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

Knox County Substance Abuse Prevention (KCSAP) Program – Accounts for funds raised for use in the KCSAP program. Funds are passed through the Regional Office of Education #33 to the KCSAP committee.

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #33 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education Fund accounts’ fund balances are restricted by donor restrictions, grant agreements, or contracts: Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, National School Lunch Program, School Breakfast Program, Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), Adult Education and Family Literacy – Pilot Grant, and Federal Adult Education – Basic. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #33 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #33 has assigned fund balances in the following General Fund accounts: Even Start Local, High Roads Youth Programs, Local Galesburg Community Foundation, American College Test (ACT) Class, Criminal Background Investigation, and Testing Center.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #33 has unassigned fund balances in the following General Fund accounts: General Operations and General State Aid. The following Education Fund accounts also have unassigned fund balances: Regional Safe Schools Cooperative, Truants Alternative Education, and State Free Lunch and Breakfast.

J. NET POSITION

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

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

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.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education #33 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 5 days for full-time employees during the first year, 10 days for full-time staff after 2 years, 15 days for full-time staff after 8 years, and 20 days for full-time staff after 12 years of continuous service. Vacation may not be taken in more than two weeks without prior approval. Employees may not carry forward any vacation time. Employees will also not be compensated for any unused vacation days.

Eligible employees receive up to 14 sick days annually that can accumulate to 360 days total for TRS employees and 221 days for IMRF employees. Upon resignation or dismissal, the ROE will not pay for unused sick time. Employees may use two of their sick days for personal business.

N. ESTIMATES

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

O. BUDGET INFORMATION

The Regional Office of Education #33 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney Education for Homeless Children, Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, Regional Safe Schools Cooperative, ROE/ISC Operations, Title I – Foundational Services, Truants Alternative Education, Early Childhood Grant (16-3705-00), Early Childhood Grant (17-3705-00), Early Childhood Block Grant (3705-01), Early Childhood – Monitoring, Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), Title IV 21<sup>st</sup> Century Community Learning Center (4421-15), Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance and Federal Adult Education – Basic.

P. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES  
(Concluded)

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

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #33 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 Funds.

A. DEPOSITS

At June 30, 2017, the carrying amount of the Regional Office of Education #33's government-wide and agency fund deposits were \$2,119,708 and \$249, respectively, and the bank balances were \$2,159,403 and \$254, respectively. Of the total bank balances as of June 30, 2017, \$420,190 was secured by federal depository insurance, \$1,640,819 was collateralized by securities pledged by the Regional Office of Education #33's financial institution on behalf of the Regional Office, and \$98,648 was invested in the Illinois Funds Money Market Fund.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

**B. INVESTMENTS**

The Regional Office of Education #33 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #33's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2017, the Regional Office of Education #33 had investments with carrying value of \$98,648 in the Illinois Funds Money Market Fund.

**CREDIT RISK**

At June 30, 2017, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**INTEREST RATE RISK**

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

**CONCENTRATION OF CREDIT RISK**

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #33's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #33's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "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](http://www.imrf.org).

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Benefits Provided**

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

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

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

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

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	6
Inactive Plan Members entitled to but not yet receiving benefits	9
Active Plan Members	19
<b>Total</b>	<b>34</b>

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Contributions**

As set by statute, the Regional Office of Education #33's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #33's annual contribution rate for calendar year 2016 was 10.26%. For the fiscal year ended June 30, 2017, the Regional Office of Education #33 contributed \$84,406 to the plan. The Regional Office of Education #33 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education #33'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.

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NOTE 3 – DEFINED BENEFIT PENSION 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 Percentage</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).

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%.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2015</b>	\$ 1,467,592	\$ 1,299,601	\$ 167,991
<b>Changes for the year:</b>			
Service Cost	57,785	-	57,785
Interest on the Total Pension Liability	110,536	-	110,536
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	31,416	-	31,416
Changes of Assumptions	-	-	-
Contributions - Employer	-	58,601	(58,601)
Contributions - Employees	-	25,702	(25,702)
Net Investment Income	-	69,356	(69,356)
Benefit Payments, including Refunds of Employee Contributions	(45,349)	(45,349)	-
Other (Net Transfer)	-	(1,552)	1,552
Net Changes	154,388	106,758	47,630
<b>Balances at December 31, 2016</b>	<u>\$ 1,621,980</u>	<u>\$ 1,406,359</u>	<u>\$ 215,621</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:

	<b>1% Lower 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability</b>	\$ 444,917	\$ 215,621	\$ 24,786

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

For the year ending June 30, 2017, the Regional Office of Education #33 recognized pension expense of \$106,462. At June 30, 2017, the Regional Office of Education #33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 61,758	\$ 27,040
Changes of assumptions	16,329	-
Net difference between projected and actual earnings on pension plan investments	128,326	-
Total Deferred Amounts to be recognized in pension expense in future periods	206,413	27,040
Pension Contributions made subsequent to the Measurement Date	53,778	-
Total Deferred Amounts Related to Pensions	\$ 260,191	\$ 27,040

\$53,778 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2017	\$ 59,448
2018	66,199
2019	43,177
2020	10,549
2021	-
Thereafter	-
Total	\$ 179,373

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #33 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2016>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

**Benefits provided**

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

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

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

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #33.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #33. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education #33 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #33, and the Regional Office of Education #33 recognized revenue and expenditures of \$273,429 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$2,026, and are deferred because they were paid after the June 30, 2016, measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #33, there is a statutory requirement for the Regional Office of Education #33 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$88,524 were paid from federal and special trust funds that required employer contributions of \$34,625. These contributions are deferred because they were paid after the June 30, 2016, measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #33 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education #33 paid no employer ERO contributions.

The Regional Office of Education #33 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the Regional Office of Education #33 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

At June 30, 2017, the Regional Office of Education #33 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 830,144
State’s proportionate share of the net pension liability associated with the employer	<u>2,784,243</u>
<b>Total</b>	<b><u>\$ 3,614,387</u></b>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education #33’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education #33’s proportion was .0010516667 percent, which was an increase of .0004092963 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education #33 recognized pension expense of \$273,429 and revenue of \$273,429 for support provided by the State. For the year ended June 30, 2017, the ROE recognized pension expense of \$114,424. At June 30, 2017, the Regional Office of Education #33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,138	\$ 563
Net difference between projected and actual earnings on pension plan investments	23,453	-
Changes of assumptions	71,297	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	608,774	459,879
Employer contributions subsequent to the measurement date	36,651	-
<b>Total</b>	<b>\$ 746,313</b>	<b>\$ 460,442</b>

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

\$36,651 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 55,951
2019	55,951
2020	47,423
2021	75,564
2022	14,331
	<u>\$ 249,220</u>

**Actuarial assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.50 percent
<b>Salary Increase</b>	varies by amount of service credit
<b>Investment rate of return</b>	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

**Discount Rate**

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS’s fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

**Sensitivity of the Regional Office of Education #33’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #33’s proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.83 percent) or 1 percentage point higher (7.83 percent) than the current rate.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$ 1,015,300	\$ 830,144	\$ 678,920

**TRS fiduciary net position**

Detailed information about the TRS’s fiduciary net position as of June 30, 2016, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #33 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

**On-behalf contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #33. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$4,267, and the Regional Office of Education #33 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2016 and 2015 were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of ROE employees were \$3,711 and \$936, respectively.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

**Employer contributions to the THIS Fund.** The Regional Office of Education #33 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017, and 0.80 and 0.76 percent during the years ended June 30, 2016 and 2015, respectively. For the year ended June 30, 2017, the Regional Office of Education #33 paid \$3,201 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2016 and 2015, the Regional Office paid \$2,775 and \$697 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – RISK MANAGEMENT

The Regional Office of Education #33 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #33 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 7 – INTERFUND ACTIVITY

**DUE TO/FROM OTHER FUNDS**

Interfund balances due to/from other funds at June 30, 2017, consist of the following individual due to/from other funds in the Governmental Funds Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
General Fund	\$ 440,841	\$ 11,347
Education Fund	-	429,494
	<u>\$ 440,841</u>	<u>\$ 440,841</u>

**TRANSFERS**

Interfund transfers in/out to other funds at June 30, 2017, consist of the following individual transfers in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 7 – INTERFUND ACTIVITY (Concluded)

TRANSFERS (Concluded)

Fund	Transfer In	Transfer Out
General Fund:		
General State Aid	\$ -	\$ 19,402
Education Fund:		
ROE/ISC Operations	19,373	-
Ounce of Prevention CLASS	13	-
Ounce of Prevention Conscience Discipline	16	-
	\$ 19,402	\$ 19,402

NOTE 8 – OPERATING LEASES

The Regional Office of Education #33 leases classroom and office space from various parties. During the fiscal year 2016, the Regional Office of Education #33 leased classroom and office space located at Willits School from Monmouth-Roseville CUSD #238 for \$2,785 per month. The lease term began on July 1, 2015, and ends on June 30, 2018. As of July 1, 2016 the monthly rent was reduced to \$2,000 for the remaining lease term.

The Regional Office of Education #33 also leased classrooms and office space located at 235 E Main St., Galesburg, IL 61401 from M.A.K. Properties, for \$1,200 per month. The lease term began on August 18, 2015, and ends on August 17, 2017.

The Regional Office of Education #33 leases office space and parking lot space located on 2004 SE 3<sup>rd</sup> St., Aledo, Illinois for \$600 per month. The lease term is from July 1, 2016, to June 30, 2017.

Total lease expense for the year ended June 30, 2017, was \$45,600. Future minimum lease payments are as follows for the years ending June 30:

2018	\$ 25,800
2019	-
2020	-
2021	-
2022	-
2023 and thereafter	-
	\$ 25,800

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 9 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #33 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets consist of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Governmental Activities:</b>				
Furniture and Equipment	\$ 57,582	\$ 28,663	\$ -	\$ 86,245
Governmental Activities Total Assets	57,582	28,663	-	86,245
Less Accumulated Depreciation	39,857	6,321	-	46,178
<b>Governmental Activities</b>				
Investment in Capital Assets, Net	\$ 17,725	\$ 22,342	\$ -	\$ 40,067
<b>Business-type Activities:</b>				
Furniture and Equipment	\$ -	\$ 899	\$ -	\$ 899
Business-type Activities Total Assets	-	899	-	899
Less Accumulated Depreciation	-	90	-	90
<b>Business-type Activities</b>				
Investment in Capital Assets, Net	\$ -	\$ 809	\$ -	\$ 809

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2017, of \$6,321 and \$90 was charged to the governmental activities instructional services function and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #33:

Regional Superintendent Salary	\$ 107,208
Assistant Regional Superintendents' Salaries	97,152
Regional Superintendent Benefits (includes State-paid insurance)	38,724
Assistant Regional Superintendents' Benefits (includes State-paid insurance)	35,458
THIS Contributions	<u>4,267</u>
Total	<u>\$ 282,809</u>

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

Regional Office of Education #33 also recorded \$273,429 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #33 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

State of Illinois on-behalf payments	\$ 282,809
ROE #33's share of TRS pension expense	<u>273,429</u>
Total	<u>\$ 556,238</u>

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #33's General Fund, Education Fund, Nonmajor Special Revenue Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 65,850
<u>Education Fund</u>	
Local Governments	36,680
Illinois State Board of Education	288,365
Department of Human Services	151,308
<u>Nonmajor Special Revenue Funds</u>	
Illinois State Board of Education	1,309
<u>Fiduciary Funds</u>	
Department of Human Services	<u>1,483,079</u>
Total	<u>\$2,026,591</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments:

<u>General Fund</u>	
Local Governments	\$ 3,680
<u>Education Fund</u>	
Local Governments	138
<u>Fiduciary Funds</u>	
Local Governments	1,483,328
Total	<u>\$1,487,146</u>

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2017:

<u>Fund</u>	<u>Amount</u>
<u>Education Fund</u>	
Regional Safe Schools Cooperative	\$ 27,434
Truants Alternative Education	111,460
State Free Lunch and Breakfast	<u>1,341</u>
	<u>\$140,235</u>

NOTE 13 – REGIONAL OFFICE OF EDUCATION RESTATEMENT

The Regional Office restated the fund balance of the Education fund to include fund balance of the Adult Education and Family Literacy – Pilot Grant that was received prior to fiscal year ending June 30, 2017 that had not been included in the Regional Office’s financial statements.

Governmental Activities Net Position

Net Position - July 1, 2016	\$ 983,123
Effect of restatement on net position	<u>1,355</u>
Net Position, restated - July 1, 2016	<u>\$ 984,478</u>

Education Fund

Fund Balance - Beginning, restated	\$ 14,202
Effect of restatement on opening fund balance	<u>1,355</u>
Fund Balance - Beginning, restated	<u>\$ 15,557</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 14 – POST EMPLOYMENT BENEFITS

The Regional Office of Education #33 allows employees, who retire through the Regional Office of Education #33's plan disclosed in Note 3, the option to continue in the Regional Office of Education #33's health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #33's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education #33 has no explicit subsidy as defined in GASB S-45.

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST THREE CALENDAR YEARS  
(UNAUDITED)

Calendar Year Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 57,785	\$ 46,790	\$ 50,889
Interest on the Total Pension Liability	110,536	96,903	90,733
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	31,416	66,475	(93,163)
Changes of Assumptions	-	-	56,262
Benefit Payments, including Refunds of Employee Contributions	(45,349)	(22,432)	(18,385)
<b>Net Change in Total Pension Liability</b>	<u>154,388</u>	<u>187,736</u>	<u>86,336</u>
 <b>Total Pension Liability - Beginning</b>	 <u>1,467,592</u>	 <u>1,279,856</u>	 <u>1,193,520</u>
 <b>Total Pension Liability - Ending (A)</b>	 <u>\$ 1,621,980</u>	 <u>\$ 1,467,592</u>	 <u>\$ 1,279,856</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 58,601	\$ 51,500	\$ 46,073
Contributions - Employees	25,702	21,967	17,858
Net Investment Income	69,356	(22,368)	2,624
Benefit Payments, including Refunds of Employee Contributions	(45,349)	(22,432)	(20,936)
Other (Net Transfer)	(1,552)	3,147	(35)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>106,758</u>	<u>31,814</u>	<u>45,584</u>
 <b>Plan Fiduciary Net Position - Beginning</b>	 <u>1,299,601</u>	 <u>1,267,787</u>	 <u>1,222,203</u>
 <b>Plan Fiduciary Net Position - Ending (B)</b>	 <u>\$ 1,406,359</u>	 <u>\$ 1,299,601</u>	 <u>\$ 1,267,787</u>
 <b>Net Pension Liability - Ending (A) - (B)</b>	 <u>\$ 215,621</u>	 <u>\$ 167,991</u>	 <u>\$ 12,069</u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	 86.71%	 88.55%	 99.06%
 <b>Covered Payroll</b>	 \$ 571,160	 \$ 488,152	 \$ 406,149
 <b>Net Pension Liability as a Percentage of Covered Payroll</b>	 37.75%	 34.41%	 2.97%

**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.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST THREE CALENDAR YEARS  
(UNAUDITED)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2016	\$ 44,636	\$ 58,601	\$ (13,965)	\$ 571,160	10.26%
2015	51,500	51,500	-	488,152	10.55%
2014	44,636	46,073	(1,437)	406,149	11.34%

**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.
<i>Mortality:</i>	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 31, 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.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2017 †  
(UNAUDITED)

	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0010516667%	0.0006423704%	0.0009430612%
Employer's proportionate share of the net pension liability	\$ 830,144	\$ 420,817	\$ 573,930
State's proportionate share of the net pension liability associated with the employer	2,784,243	2,012,052	2,567,901
<b>Total</b>	<b>\$ 3,614,387</b>	<b>\$ 2,432,869</b>	<b>\$ 3,141,831</b>
Employer's covered payroll	\$ 346,828	\$ 373,595	\$ 461,262
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	239.4%	112.6%	124.4%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2017 †  
(UNAUDITED)

	FY17	FY16	FY15	FY14
Statutorily-required contribution	\$ 36,327	\$ 40,483	\$ 20,997	\$ 35,724
Contributions in relation to the statutorily-required contribution	36,651	38,373	20,902	35,201
Contribution deficiency (excess)	\$ (324)	\$ 2,110	\$ 95	\$ 523
Employer's covered payroll	\$ 430,675	\$ 346,828	\$ 373,595	\$ 461,262
Contributions as a percentage of covered payroll	8.51%	11.06%	5.59%	7.63%

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

**Notes to This Required Supplementary Information**

*Changes of assumptions*

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

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

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

OTHER SUPPLEMENTAL INFORMATION

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2017

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Local Galesburg Community Foundation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 153,298	\$ 882,471	\$ 14,142	\$ -	\$ 372
Accounts receivable	13,835	-	-	-	-
Due from other funds	11,347	429,494	-	-	-
Due from other governments:					
Local	33,403	-	-	32,447	-
<b>TOTAL ASSETS</b>	<b>\$ 211,883</b>	<b>\$ 1,311,965</b>	<b>\$ 14,142</b>	<b>\$ 32,447</b>	<b>\$ 372</b>
<b>LIABILITIES</b>					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	11,347	-
Due to other governments:					
Local	-	3,680	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>3,680</b>	<b>-</b>	<b>11,347</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	33,403	-	-	-	-
<b>FUND BALANCE</b>					
Assigned	-	-	14,142	21,100	372
Unassigned	178,480	1,308,285	-	-	-
<b>Total Fund Balance</b>	<b>178,480</b>	<b>1,308,285</b>	<b>14,142</b>	<b>21,100</b>	<b>372</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 211,883</b>	<b>\$ 1,311,965</b>	<b>\$ 14,142</b>	<b>\$ 32,447</b>	<b>\$ 372</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2017

	American College Test (ACT) Class	Criminal Background Investigation	Testing Center	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,753	\$ 23,343	\$ 4,574	\$ 1,089,953
Accounts receivable	-	-	-	13,835
Due from other funds	-	-	-	440,841
Due from other governments:				
Local	-	-	-	65,850
<b>TOTAL ASSETS</b>	<b>\$ 11,753</b>	<b>\$ 23,343</b>	<b>\$ 4,574</b>	<b>\$ 1,610,479</b>
<b>LIABILITIES</b>				
Accrued expenses	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	11,347
Due to other governments:				
Local	-	-	-	3,680
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,027</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	33,403
<b>FUND BALANCE</b>				
Assigned	11,753	23,343	4,574	75,284
Unassigned	-	-	-	1,486,765
<b>Total Fund Balance</b>	<b>11,753</b>	<b>23,343</b>	<b>4,574</b>	<b>1,562,049</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 11,753</b>	<b>\$ 23,343</b>	<b>\$ 4,574</b>	<b>\$ 1,610,479</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Local Galesburg Community Foundation
<b>REVENUES</b>					
Local sources	\$ 146,532	\$ 67,861	\$ 35,000	\$ 132,647	\$ 5,500
State sources	-	401,467	-	-	-
On-behalf payments - State	282,809	-	-	-	-
Investment earnings	2,753	-	-	-	-
Total Revenues	<u>432,094</u>	<u>469,328</u>	<u>35,000</u>	<u>132,647</u>	<u>5,500</u>
<b>EXPENDITURES</b>					
Salaries and benefits	74,648	84,184	26,327	81,778	-
Pension expense	6,355	3,407	1,759	3,692	-
Purchased services	48,160	34,959	2,076	26,409	4,128
Supplies and materials	1,751	10,431	652	14,551	1,000
Other objects	-	-	-	-	-
On-behalf payments - State	282,809	-	-	-	-
Capital outlay	-	1,400	-	-	-
Total Expenditures	<u>413,723</u>	<u>134,381</u>	<u>30,814</u>	<u>126,430</u>	<u>5,128</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>18,371</u>	<u>334,947</u>	<u>4,186</u>	<u>6,217</u>	<u>372</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	(19,402)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(19,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	18,371	315,545	4,186	6,217	372
<b>FUND BALANCE - BEGINNING</b>	<u>160,109</u>	<u>992,740</u>	<u>9,956</u>	<u>14,883</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 178,480</u>	<u>\$ 1,308,285</u>	<u>\$ 14,142</u>	<u>\$ 21,100</u>	<u>\$ 372</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	American College Test (ACT) Class	Criminal Background Investigation	Testing Center	TOTALS
<b>REVENUES</b>				
Local sources	\$ 1,030	\$ 21,790	\$ 2,546	\$ 412,906
State sources	-	-	-	401,467
On-behalf payments - State	-	-	-	282,809
Investment earnings	-	-	-	2,753
Total Revenues	<u>1,030</u>	<u>21,790</u>	<u>2,546</u>	<u>1,099,935</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	-	-	266,937
Pension expense	-	-	-	15,213
Purchased services	602	12,885	-	129,219
Supplies and materials	78	-	-	28,463
Other objects	-	-	-	-
On-behalf payments - State	-	-	-	282,809
Capital outlay	-	-	-	1,400
Total Expenditures	<u>680</u>	<u>12,885</u>	<u>-</u>	<u>724,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>350</u>	<u>8,905</u>	<u>2,546</u>	<u>375,894</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	(19,402)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,402)</u>
NET CHANGE IN FUND BALANCE	350	8,905	2,546	356,492
FUND BALANCE - BEGINNING	<u>11,403</u>	<u>14,438</u>	<u>2,028</u>	<u>1,205,557</u>
FUND BALANCE - ENDING	<u>\$ 11,753</u>	<u>\$ 23,343</u>	<u>\$ 4,574</u>	<u>\$ 1,562,049</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2017

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 396	\$ 119	\$ -	\$ -
Due from other governments:					
State	-	-	-	54,199	37,393
Federal	5,702	-	505	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,702</b>	<b>\$ 396</b>	<b>\$ 624</b>	<b>\$ 54,199</b>	<b>\$ 37,393</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 453	\$ -	\$ 8,662
Accrued expenses	-	-	-	1,601	-
Due to other funds	5,702	-	-	46,996	27,104
Due to other governments:					
Local	-	-	-	-	-
Unearned revenue	-	-	-	825	-
<b>Total Liabilities</b>	<b>5,702</b>	<b>-</b>	<b>453</b>	<b>49,422</b>	<b>35,766</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	29,061
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	396	171	4,777	-
Unassigned	-	-	-	-	(27,434)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>396</b>	<b>171</b>	<b>4,777</b>	<b>(27,434)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 5,702</b>	<b>\$ 396</b>	<b>\$ 624</b>	<b>\$ 54,199</b>	<b>\$ 37,393</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2017

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 12,330
Due from other governments:					
State	-	-	111,460	-	-
Federal	-	30,978	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 30,978</b>	<b>\$ 111,460</b>	<b>\$ -</b>	<b>\$ 12,330</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 5,022	\$ -	\$ -
Accrued expenses	-	-	2,240	-	-
Due to other funds	-	30,978	104,198	1,341	-
Due to other governments:					
Local	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>30,978</b>	<b>111,460</b>	<b>1,341</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	111,460	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	12,330
Unassigned	-	-	(111,460)	(1,341)	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>(111,460)</b>	<b>(1,341)</b>	<b>12,330</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 30,978</b>	<b>\$ 111,460</b>	<b>\$ -</b>	<b>\$ 12,330</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2017

	School Breakfast Program	Ounce of Prevention CLASS	Ounce of Prevention Conscience Discipline	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,302	\$ -	\$ -	\$ 596,123	\$ -
Due from other governments:					
State	-	-	-	-	75,440
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,302</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 596,123</b>	<b>\$ 75,440</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	75,440
Due to other governments:					
Local	-	-	-	-	-
Unearned revenue	-	-	-	596,123	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>596,123</b>	<b>75,440</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	3,302	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>3,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 3,302</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 596,123</b>	<b>\$ 75,440</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2017

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance
<b>ASSETS</b>					
Cash and cash equivalents	\$ 54,129	\$ 9,568	\$ -	\$ -	\$ -
Due from other governments:					
State	-	-	-	77,400	29,805
Federal	-	3,108	6,260	-	-
<b>TOTAL ASSETS</b>	<b>\$ 54,129</b>	<b>\$ 12,676</b>	<b>\$ 6,260</b>	<b>\$ 77,400</b>	<b>\$ 29,805</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	5,895	-
Due to other funds	-	-	6,260	71,351	28,311
Due to other governments:					
Local	138	-	-	-	-
Unearned revenue	53,991	-	-	154	1,494
<b>Total Liabilities</b>	<b>54,129</b>	<b>-</b>	<b>6,260</b>	<b>77,400</b>	<b>29,805</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	12,676	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>12,676</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 54,129</b>	<b>\$ 12,676</b>	<b>\$ 6,260</b>	<b>\$ 77,400</b>	<b>\$ 29,805</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2017

	Adult Education and Family Literacy - Public Assistance	Adult Education and Family Literacy - Pilot Grant	Federal Adult Education - Basic	Gifted Education	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 675,967
Due from other governments:					
State	-	-	-	-	385,697
Federal	-	3,198	40,905	-	90,656
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 3,198</b>	<b>\$ 40,905</b>	<b>\$ -</b>	<b>\$ 1,152,320</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 14,137
Accrued expenses	-	-	3,332	-	13,068
Due to other funds	-	1,843	29,970	-	429,494
Due to other governments:					
Local	-	-	-	-	138
Unearned revenue	-	-	-	-	652,587
<b>Total Liabilities</b>	<b>-</b>	<b>1,843</b>	<b>33,302</b>	<b>-</b>	<b>1,109,424</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	140,521
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	1,355	7,603	-	42,610
Unassigned	-	-	-	-	(140,235)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>1,355</b>	<b>7,603</b>	<b>-</b>	<b>(97,625)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 3,198</b>	<b>\$ 40,905</b>	<b>\$ -</b>	<b>\$ 1,152,320</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ -	\$ 70,715	\$ 16,922
Federal sources	8,397	1,601	505	-	-
Total Revenues	<u>8,397</u>	<u>1,601</u>	<u>505</u>	<u>70,715</u>	<u>16,922</u>
<b>EXPENDITURES</b>					
Salaries and benefits	7,138	-	-	68,707	30,334
Pension expense	352	-	-	1,468	-
Purchased services	2,282	1,601	505	540	4,994
Supplies and materials	500	-	-	-	9,028
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>10,272</u>	<u>1,601</u>	<u>505</u>	<u>70,715</u>	<u>44,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,434)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,875)	-	-	-	(27,434)
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>1,875</u>	<u>396</u>	<u>171</u>	<u>4,777</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 171</u>	<u>\$ 4,777</u>	<u>\$ (27,434)</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>REVENUES</b>					
State sources	\$ 101,655	\$ -	\$ 5,382	\$ 143	\$ -
Federal sources	-	130,966	-	-	20,454
Total Revenues	<u>101,655</u>	<u>130,966</u>	<u>5,382</u>	<u>143</u>	<u>20,454</u>
<b>EXPENDITURES</b>					
Salaries and benefits	51,718	81,143	98,774	-	-
Pension expense	1,147	16,663	5,237	-	-
Purchased services	38,043	31,087	12,331	214	19,705
Supplies and materials	-	2,073	500	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	30,120	-	-	-	-
Total Expenditures	<u>121,028</u>	<u>130,966</u>	<u>116,842</u>	<u>214</u>	<u>19,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,373)</u>	<u>-</u>	<u>(111,460)</u>	<u>(71)</u>	<u>749</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	<u>19,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>19,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(111,460)	(71)	749
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,270)</u>	<u>11,581</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,460)</u>	<u>\$ (1,341)</u>	<u>\$ 12,330</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	School Breakfast Program	Ounce of Prevention CLASS	Ounce of Prevention Conscience Discipline	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>REVENUES</b>					
State sources	\$ -	\$ 1,590	\$ 1,980	\$ 714,260	\$ 430,849
Federal sources	5,466	-	-	-	-
Total Revenues	<u>5,466</u>	<u>1,590</u>	<u>1,980</u>	<u>714,260</u>	<u>430,849</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	-	-	230,305	286,714
Pension expense	-	-	-	5,934	26,376
Purchased services	8,666	1,375	1,996	30,458	49,272
Supplies and materials	-	228	-	25,089	48,636
Capital outlay	-	-	-	799	19,851
Payments to other governments	-	-	-	421,675	-
Total Expenditures	<u>8,666</u>	<u>1,603</u>	<u>1,996</u>	<u>714,260</u>	<u>430,849</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,200)</u>	<u>(13)</u>	<u>(16)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	13	16	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>13</u>	<u>16</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,200)	-	-	-	-
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>6,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 3,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance
<b>REVENUES</b>					
State sources	\$ 147,793	\$ -	\$ -	\$ 134,403	\$ 56,761
Federal sources	-	92,360	186,437	-	-
Total Revenues	<u>147,793</u>	<u>92,360</u>	<u>186,437</u>	<u>134,403</u>	<u>56,761</u>
<b>EXPENDITURES</b>					
Salaries and benefits	61,776	62,503	138,811	103,272	42,553
Pension expense	3,660	9,868	21,430	5,150	2,678
Purchased services	8,217	6,699	8,734	399	842
Supplies and materials	67,527	7,020	12,216	-	-
Capital outlay	6,613	-	-	-	-
Payments to other governments	-	6,270	5,246	-	-
Total Expenditures	<u>147,793</u>	<u>92,360</u>	<u>186,437</u>	<u>108,821</u>	<u>46,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,582</u>	<u>10,688</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	25,582	10,688
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>-</u>	<u>12,676</u>	<u>-</u>	<u>(25,582)</u>	<u>(10,688)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 12,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Adult Education and Family Literacy - Public Assistance	Adult Education and Family Literacy - Pilot Grant	Federal Adult Education - Basic	Gifted Education	TOTALS
<b>REVENUES</b>					
State sources	\$ -	\$ 3,198	\$ -	\$ -	\$ 1,685,651
Federal sources	-	-	61,520	-	507,706
Total Revenues	-	3,198	61,520	-	2,193,357
<b>EXPENDITURES</b>					
Salaries and benefits	650	2,209	61,025	-	1,327,632
Pension expense	-	13	5,473	-	105,449
Purchased services	-	100	448	-	228,508
Supplies and materials	-	876	-	85	173,778
Capital outlay	-	-	-	-	27,263
Payments to other governments	-	-	-	-	463,311
Total Expenditures	650	3,198	66,946	85	2,325,941
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(650)	-	(5,426)	(85)	(132,584)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	19,402
Total Other Financing Sources (Uses)	-	-	-	-	19,402
NET CHANGE IN FUND BALANCE	(650)	-	(5,426)	(85)	(113,182)
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	650	1,355	13,029	85	15,557
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ 1,355	\$ 7,603	\$ -	\$ (97,625)

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 10,541	\$ 10,541	\$ 8,397
Total Revenue	<u>10,541</u>	<u>10,541</u>	<u>8,397</u>
<b>EXPENDITURES</b>			
Salaries and benefits	7,790	7,790	7,138
Pension expense	-	-	352
Purchased services	2,251	2,251	2,282
Supplies and materials	500	500	500
Total Expenditures	<u>10,541</u>	<u>10,541</u>	<u>10,272</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (1,875)
 FUND BALANCE - BEGINNING	 -	 -	 <u>1,875</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 2,715	\$ 2,715	\$ 1,601
Total Revenue	<u>2,715</u>	<u>2,715</u>	<u>1,601</u>
EXPENDITURES			
Purchased services	<u>2,715</u>	<u>2,715</u>	<u>1,601</u>
Total Expenditures	<u>2,715</u>	<u>2,715</u>	<u>1,601</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>396</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 505	\$ 505	\$ 505
Total Revenue	<u>505</u>	<u>505</u>	<u>505</u>
EXPENDITURES			
Purchased services	<u>505</u>	<u>505</u>	<u>505</u>
Total Expenditures	<u>505</u>	<u>505</u>	<u>505</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>171</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 60,979	\$ 60,979	\$ 70,715
Total Revenue	<u>60,979</u>	<u>60,979</u>	<u>70,715</u>
<b>EXPENDITURES</b>			
Salaries and benefits	60,476	60,476	68,707
Pension expense	-	-	1,468
Purchased services	503	503	540
Total Expenditures	<u>60,979</u>	<u>60,979</u>	<u>70,715</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>4,777</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,777</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
State sources	\$ 37,393	\$ 37,393	\$ 16,922
Total Revenue	<u>37,393</u>	<u>37,393</u>	<u>16,922</u>
<b>EXPENDITURES</b>			
Salaries and benefits	25,729	25,729	30,334
Purchased services	2,798	2,798	4,994
Supplies and materials	8,866	8,866	9,028
Total Expenditures	<u>37,393</u>	<u>37,393</u>	<u>44,356</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (27,434)
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ (27,434)</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 100,463	\$ 100,463	\$ 101,655
Total Revenue	<u>100,463</u>	<u>100,463</u>	<u>101,655</u>
<b>EXPENDITURES</b>			
Salaries and benefits	61,187	61,187	51,718
Pension expense	-	-	1,147
Purchased services	38,522	38,522	38,043
Supplies and materials	754	754	-
Other objects	-	-	30,120
Total Expenditures	<u>100,463</u>	<u>100,463</u>	<u>121,028</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(19,373)</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Transfer in	-	-	19,373
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>19,373</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE I - FOUNDATIONAL SERVICES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 149,992	\$ 149,992	\$ 130,966
Total Revenue	<u>149,992</u>	<u>149,992</u>	<u>130,966</u>
<b>EXPENDITURES</b>			
Salaries and benefits	105,828	105,828	81,143
Pension expense	-	-	16,663
Purchased services	40,414	40,414	31,087
Supplies and materials	3,750	3,750	2,073
Total Expenditures	<u>149,992</u>	<u>149,992</u>	<u>130,966</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 111,460	\$ 111,460	\$ 5,382
Total Revenue	<u>111,460</u>	<u>111,460</u>	<u>5,382</u>
<b>EXPENDITURES</b>			
Salaries and benefits	104,023	104,023	98,774
Pension expense	-	-	5,237
Purchased services	6,937	6,937	12,331
Supplies and materials	500	500	500
Total Expenditures	<u>111,460</u>	<u>111,460</u>	<u>116,842</u>
NET CHANGE IN FUND BALANCE	-	-	(111,460)
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,460)</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (16-3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 768,054	\$ 768,054	\$ 257,768
Total Revenue	<u>768,054</u>	<u>768,054</u>	<u>257,768</u>
<b>EXPENDITURES</b>			
Salaries and benefits	178,422	153,422	33,251
Purchased services	25,411	31,211	8,364
Supplies and materials	5,578	15,078	13,750
Capital outlay	500	500	-
Payments to other governments	558,143	567,843	202,403
Total Expenditures	<u>768,054</u>	<u>768,054</u>	<u>257,768</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2015, through August 31, 2016; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (17-3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 2,037,419	\$ 2,092,548	\$ 456,492
Total Revenue	<u>2,037,419</u>	<u>2,092,548</u>	<u>456,492</u>
<b>EXPENDITURES</b>			
Salaries and benefits	313,423	240,923	197,054
Pension expense	-	-	5,934
Purchased services	40,423	50,207	22,094
Supplies and materials	19,073	41,073	11,339
Capital outlay	1,000	1,000	799
Payments to other governments	1,663,500	1,759,345	219,272
Total Expenditures	<u>2,037,419</u>	<u>2,092,548</u>	<u>456,492</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2016, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 581,728	\$ 581,728	\$ 430,849
Total Revenue	<u>581,728</u>	<u>581,728</u>	<u>430,849</u>
<b>EXPENDITURES</b>			
Salaries and benefits	369,927	375,477	286,714
Pension expense	-	-	26,376
Purchased services	76,332	67,782	49,272
Supplies and materials	63,175	63,175	48,636
Capital outlay	16,314	23,314	19,851
Payments to other governments	55,980	51,980	-
Total Expenditures	<u>581,728</u>	<u>581,728</u>	<u>430,849</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2016, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD - MONITORING  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 564,276	\$ 564,276	\$ 147,793
Total Revenue	<u>564,276</u>	<u>564,276</u>	<u>147,793</u>
<b>EXPENDITURES</b>			
Salaries and benefits	210,811	112,311	61,776
Pension expense	-	-	3,660
Purchased services	10,823	15,823	8,217
Supplies and materials	113,500	153,500	67,527
Capital outlay	4,800	19,800	6,613
Payments to other governments	224,342	262,842	-
Total Expenditures	<u>564,276</u>	<u>564,276</u>	<u>147,793</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 -	 -	 -
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2016, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-13)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 112,500	\$ 112,500	\$ 92,360
Total Revenue	<u>112,500</u>	<u>112,500</u>	<u>92,360</u>
<b>EXPENDITURES</b>			
Salaries and benefits	88,443	87,443	62,503
Pension expense	-	-	9,868
Purchased services	6,143	7,143	6,699
Supplies and materials	7,669	7,669	7,020
Payments to other governments	10,245	10,245	6,270
Total Expenditures	<u>112,500</u>	<u>112,500</u>	<u>92,360</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>12,676</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,676</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2016, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-15)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 225,000	\$ 225,000	\$ 186,437
Total Revenue	<u>225,000</u>	<u>225,000</u>	<u>186,437</u>
<b>EXPENDITURES</b>			
Salaries and benefits	194,238	188,538	138,811
Pension expense	-	-	21,430
Purchased services	11,593	11,593	8,734
Supplies and materials	8,214	16,414	12,216
Payments to other governments	10,955	8,455	5,246
Total Expenditures	<u>225,000</u>	<u>225,000</u>	<u>186,437</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2016, through August 31, 2017; only part of the grant was received and expended in the current fiscal year.

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 77,400	\$ 77,400	\$ 134,403
Total Revenue	<u>77,400</u>	<u>77,400</u>	<u>134,403</u>
<b>EXPENDITURES</b>			
Salaries and benefits	77,400	77,400	103,272
Pension expense	-	-	5,150
Purchased services	-	-	399
Total Expenditures	<u>77,400</u>	<u>77,400</u>	<u>108,821</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 25,582
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>(25,582)</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE  
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 29,805	\$ 29,805	\$ 56,761
Total Revenue	<u>29,805</u>	<u>29,805</u>	<u>56,761</u>
<b>EXPENDITURES</b>			
Salaries and benefits	29,805	29,805	42,553
Pension expense	-	-	2,678
Purchased services	-	-	842
Total Expenditures	<u>29,805</u>	<u>29,805</u>	<u>46,073</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 10,688
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>(10,688)</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 FEDERAL ADULT EDUCATION - BASIC  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 61,520	\$ 61,520	\$ 61,520
Total Revenue	<u>61,520</u>	<u>61,520</u>	<u>61,520</u>
<b>EXPENDITURES</b>			
Salaries and benefits	61,520	61,520	61,025
Pension expense	-	-	5,473
Purchased services	-	-	448
Total Expenditures	<u>61,520</u>	<u>61,520</u>	<u>66,946</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (5,426)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>13,029</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 7,603</u></u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,478	\$ 16,671	\$ 110,479	\$ 128,628
Due from other governments - State	-	1,309	-	1,309
Accounts receivable	-	-	263	263
<b>TOTAL ASSETS</b>	<u>\$ 1,478</u>	<u>\$ 17,980</u>	<u>\$ 110,742</u>	<u>\$ 130,200</u>
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	<u>\$ 1,478</u>	<u>\$ 17,980</u>	<u>\$ 110,742</u>	<u>\$ 130,200</u>
Total Fund Balance (Deficit)	<u>1,478</u>	<u>17,980</u>	<u>110,742</u>	<u>130,200</u>
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<u><u>\$ 1,478</u></u>	<u><u>\$ 17,980</u></u>	<u><u>\$ 110,742</u></u>	<u><u>\$ 130,200</u></u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	General Education Development	Bus Driver Training	Institute	TOTALS
<b>REVENUES</b>				
Local sources	\$ 393	\$ 3,929	\$ 22,950	\$ 27,272
State sources	-	1,309	-	1,309
Investment earnings	-	-	106	106
Total Revenues	<u>393</u>	<u>5,238</u>	<u>23,056</u>	<u>28,687</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	1,421	5,601	7,022
Pension expense	-	-	395	395
Purchased services	-	642	8,209	8,851
Supplies and materials	78	-	559	637
Other objects	439	-	335	774
Total Expenditures	<u>517</u>	<u>2,063</u>	<u>15,099</u>	<u>17,679</u>
NET CHANGE IN FUND BALANCE	(124)	3,175	7,957	11,008
FUND BALANCE (DEFICIT) - BEGINNING	<u>1,602</u>	<u>14,805</u>	<u>102,785</u>	<u>119,192</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 1,478</u>	<u>\$ 17,980</u>	<u>\$ 110,742</u>	<u>\$ 130,200</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2017

	School Facility Occupation Tax	Knox County Substance Abuse Prevention Program	TOTALS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 249	\$ -	\$ 249
Due from other governments	1,483,079	-	1,483,079
<b>TOTAL ASSETS</b>	<b>\$ 1,483,328</b>	<b>\$ -</b>	<b>\$ 1,483,328</b>
<b>LIABILITIES</b>			
Due to other governments	\$ 1,483,328	\$ -	\$ 1,483,328
<b>TOTAL LIABILITIES</b>	<b>\$ 1,483,328</b>	<b>\$ -</b>	<b>\$ 1,483,328</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 249	\$ 6,782,994	\$ 6,782,994	\$ 249
Due from other governments	1,452,752	409,029	378,702	1,483,079
Total Assets	<u>\$ 1,453,001</u>	<u>\$ 7,192,023</u>	<u>\$ 7,161,696</u>	<u>\$ 1,483,328</u>
LIABILITIES				
Due to other governments	<u>\$ 1,453,001</u>	<u>\$ 7,192,023</u>	<u>\$ 7,161,696</u>	<u>\$ 1,483,328</u>
Total Liabilities	<u>\$ 1,453,001</u>	<u>\$ 7,192,023</u>	<u>\$ 7,161,696</u>	<u>\$ 1,483,328</u>
 <u>KNOX COUNTY SUBSTANCE ABUSE PREVENTION PROGRAM</u>				
ASSETS				
Cash and cash equivalents	\$ 815	\$ -	\$ 815	\$ -
Total Assets	<u>\$ 815</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	<u>\$ 815</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 815</u>	<u>\$ -</u>	<u>\$ 815</u>	<u>\$ -</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,064	\$ 6,782,994	\$ 6,783,809	\$ 249
Due from other governments	1,452,752	409,029	378,702	1,483,079
Total Assets	<u>\$ 1,453,816</u>	<u>\$ 7,192,023</u>	<u>\$ 7,162,511</u>	<u>\$ 1,483,328</u>
LIABILITIES				
Due to other governments	<u>\$ 1,453,816</u>	<u>\$ 7,192,023</u>	<u>\$ 7,162,511</u>	<u>\$ 1,483,328</u>
Total Liabilities	<u>\$ 1,453,816</u>	<u>\$ 7,192,023</u>	<u>\$ 7,162,511</u>	<u>\$ 1,483,328</u>