

**STATE OF ILLINOIS  
LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

**FINANCIAL AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2017**

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

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**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35**

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**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Mr. Christopher B. Dvorak

Assistant Regional Superintendent  
(July 1, 2017 – current)

Mr. Matthew Winchester

Assistant Regional Superintendent  
(during the audit period)

Mrs. Jennifer Ferguson

Office is located at:

119 West Madison Street, Room 102  
Ottawa, Illinois 61350

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
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 non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	0	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	1

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

**SUMMARY OF FINDINGS AND RESPONSES**

Item No.	Page	Description	Finding Type
<b>FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)</b>			
	11	None	N/A
<b>PRIOR AUDIT FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)</b>			
	12	None	N/A

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
FINANCIAL REPORT SUMMARY - CONTINUED**

**EXIT CONFERENCE**

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2017 in a communication dated April 17, 2018.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 was performed by Sulaski and Webb, CPAs.

Based on their audit, the auditors expressed unmodified opinions on the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements.

## INDEPENDENT AUDITOR'S 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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35'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.

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, 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, the Schedule of Changes in the Net Pension Liability (Asset) & Related Ratios - Illinois Municipal Retirement Fund, the Schedule of Employer Contributions - Illinois Municipal Retirement Fund, the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois, and the Schedule of Employer Contributions - Teachers' Retirement System of the State of Illinois on pages 13 through 20 and 62 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities 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 April 18, 2018 on our consideration of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35'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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Sulaski and Webb  
Certified Public Accountants  
Bloomington, Illinois

April 18, 2018

**INDEPENDENT AUDITOR'S 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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements, and have issued our report thereon dated April 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35'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 LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control. Accordingly, we do not express an opinion on the effectiveness of LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Sulaski and Webb  
Certified Public Accountants  
Bloomington, Illinois

April 18, 2018

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED 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 weakness(es) identified?        Yes   ✓   No
- Significant deficiency(ies) identified?        Yes   ✓   None reported
- Noncompliance material to financial statements noted?        Yes   ✓   No

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**Section II: Financial Statement Findings**

There are no audit findings reported in the current year.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
FOR THE YEAR ENDED JUNE 30, 2017**

There were no audit findings reported in the prior year.

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2017 with comparative information for the year ended June 30, 2016. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2017 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues remained fairly consistent from the previous year, increasing by \$29,348 (7%) from \$415,693 in FY 2016 to \$445,041 in FY 2017. The General Fund's expenditures increased by \$106,807 (40%) from \$264,153 in FY 2016 to \$370,960 in FY 2017. This was primarily the result of an increase in salaries and benefits paid from Student Fees, Title II, and General State Aid. Due to the untimely grant payments in the Education Fund Accounts and the loss of the Learning Technology Center grant for FY 2017, a greater portion of the salaries and benefits paid were shifted to the General Funds.
- Within the Governmental Funds, the Special Revenue Funds' revenues decreased by \$286,383 (15%) from \$1,922,751 in FY 2016 to \$1,636,368 in FY 2017. This is a result of an increase in unavailable revenue and a decrease in Science Technology Engineering Mathematics (STEM) revenues. The Special Revenue Funds' expenditures decreased by \$211,330 (11%) from \$1,941,961 in FY 2016 to \$1,730,631 in FY 2017 as a result of the decrease in revenues.
- The Enterprise Funds' revenues increased by \$49,395 (45%) from \$108,739 in FY 2016 to \$158,134 in FY 2017. This was due to a large increase in the Area Purchasing Coop revenue. A new contract with a new wholesale company included a percentage of total purchases to be paid quarterly to the ROE. The Enterprise Funds' expenditures increased slightly by \$4,211 (4%) from \$115,082 in FY 2016 to \$119,293 in FY 2017.

**Using This Report**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE'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 ROE as a whole and present an overall view of the ROE's finances.
- *Fund financial statements* report the ROE's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information and supplementary information* further explains and supports the financial statements and provides detailed information about the non-major funds.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Reporting the Regional Office of Education No. 35 as a Whole**

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

Government-wide Financial Statements

The Government-wide financial statements report information about the ROE as a whole. The Statement of Net Position includes all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *Net Position*. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using Generally Accepted Accounting Principles.

The Government-wide financial statements report the ROE's net position and how it has changed. Net Position - the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources – is one way to measure the ROE's financial condition.

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

*Fund Financial Statements*

The fund financial statements provide detailed information about the ROE's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE established other funds to control and manage money for particular purposes.

The ROE has three kinds of funds:

- (1) **Governmental funds** account for those funds through which most governmental functions of the ROE are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the ROE's programs. The ROE'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.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

- (2) **Proprietary funds** account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.
- (3) **Fiduciary funds** are used to account for assets held by the ROE in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Position.

**Government-Wide Financial Analysis**

As noted earlier, net position, when examined over time, may serve as an indicator of the financial health of the ROE. The net position at the end of FY 2016 and 2017 totaled \$1,193,314 and \$1,033,621 respectively. The analysis that follows provides a summary of the ROE's net position as of June 30, 2016 and 2017.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**CONDENSED STATEMENT OF NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>ASSETS</b>						
Current assets	\$ 968,759	\$ 1,048,831	\$ 143,274	\$ 175,089	\$ 1,112,033	\$ 1,223,920
Capital assets, net	--	--	--	9,163	--	9,163
Net pension asset	21,147	12,762	1,492	1,042	22,639	13,804
<b>TOTAL ASSETS</b>	<u>989,906</u>	<u>1,061,593</u>	<u>144,766</u>	<u>185,294</u>	<u>1,134,672</u>	<u>1,246,887</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	266,292	1,448,670	7,873	16,407	274,165	1,465,077
Current liabilities	16,480	17,209	7,682	10,341	24,162	27,550
Net pension liability	129,729	1,398,312	--	--	129,729	1,398,312
<b>TOTAL LIABILITIES</b>	<u>146,209</u>	<u>1,415,521</u>	<u>7,682</u>	<u>10,341</u>	<u>153,891</u>	<u>1,425,862</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	57,977	241,490	3,655	10,991	61,632	252,481
<b>NET POSITION</b>						
Net investment in capital assets	--	--	--	9,163	--	9,163
Restricted - other	254,648	251,525	1,492	1,042	256,140	252,567
Unrestricted	797,364	601,727	139,810	170,164	937,174	771,891
<b>TOTAL NET POSITION</b>	<u>\$ 1,052,012</u>	<u>\$ 853,252</u>	<u>\$ 141,302</u>	<u>\$ 180,369</u>	<u>\$ 1,193,314</u>	<u>\$ 1,033,621</u>

The ROE's net position decreased by \$159,693 during FY 2017. A decrease of \$198,760 occurred in the Governmental Activities and an increase of \$39,067 occurred in the Business-Type Activities. The decrease in Governmental Activities is mostly due to TRS and IMRF pension expenses. The increase in Business-Type Activities is again attributed to the increase in the Area Purchasing Coop revenues.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

CHANGES IN NET POSITION

The following analysis shows the changes in Net Position for the years ended June 30, 2016 and 2017.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 175,189	\$ 162,336	\$ 108,739	\$ 158,134	\$ 283,928	\$ 320,470
Operating grants and contributions	1,550,858	1,373,496	--	--	1,550,858	1,373,496
General revenues:						
Fees for services	5,082	5,490	--	--	5,082	5,490
Interest income	2,104	2,738	175	226	2,279	2,964
On-behalf payments	807,304	946,517	--	--	807,304	946,517
Total revenues	<u>2,540,537</u>	<u>2,490,577</u>	<u>108,914</u>	<u>158,360</u>	<u>2,649,451</u>	<u>2,648,937</u>
Expenses:						
Salaries	869,027	909,309	14,933	28,872	883,960	938,181
Benefits	64,805	94,683	4,996	1,556	69,801	96,239
Pension expense	82,164	380,989	2,171	2,306	84,335	383,295
Purchased services	455,025	272,196	84,778	70,128	539,803	342,324
Supplies and materials	75,841	78,538	6,611	12,595	82,452	91,133
Capital outlay	2,302	5,810	--	1,049	2,302	6,859
Miscellaneous	2,290	1,295	1,593	730	3,883	2,025
Payments to other governmental units	5,410	--	--	--	5,410	--
Depreciation	--	--	--	2,057	--	2,057
On-behalf payments	807,304	946,517	--	--	807,304	946,517
Total expenses	<u>2,364,168</u>	<u>2,689,337</u>	<u>115,082</u>	<u>119,293</u>	<u>2,479,250</u>	<u>2,808,630</u>
Income (loss) before transfers	176,369	(198,760)	(6,168)	39,067	170,201	(159,693)
Transfers	(3,774)	--	3,774	--	--	--
Change in Net Position	<u>172,595</u>	<u>(198,760)</u>	<u>(2,394)</u>	<u>39,067</u>	<u>170,201</u>	<u>(159,693)</u>
Net Position, beginning as originally reported	774,995	1,052,012	140,891	141,302	915,886	1,193,314
Cumulative effect of prior period adjustment due to consolidation	104,422	--	2,805	--	107,227	--
Net Position, beginning as restated	<u>879,417</u>	<u>1,052,012</u>	<u>143,696</u>	<u>141,302</u>	<u>1,023,113</u>	<u>1,193,314</u>
Net Position, ending, as restated	<u>\$ 1,052,012</u>	<u>\$ 853,252</u>	<u>\$ 141,302</u>	<u>\$ 180,369</u>	<u>\$ 1,193,314</u>	<u>\$ 1,033,621</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Governmental Activities**

Revenues for governmental activities were \$2,490,577 and expenses were \$2,689,337. During FY 2017 GSA revenues decreased by \$1,554. In addition, the STEM Math and Science grants revenues and expenditures for FY 2017 decreased by \$54,600 and \$68,786 respectfully. Also, an increase in TRS and IMRF pension expenses added to the increase in expenses. With the addition of Marshall and Putnam County funding in FY 2016, no transfers were necessary to the ROE/ISC Operations Fund to offset overspending that was necessary to enable the ROE to complete all State mandated requirements.

**Business-Type Activities**

Revenues for business-type activities were \$158,360 and expenditures were \$119,293. The increase in revenue is attributed to the large increase in Area Purchasing Coop revenue. The expenses increased only slightly, and can be attributed to the increase in revenue.

**Financial Analysis of the ROE Funds**

As previously noted, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$903,631.

**Governmental Fund Highlights**

- The FY 2017 grant revenues remained fairly consistent from the prior year. However, due to timing issues in receiving the grant funds, and the state of the budget crisis in Illinois, \$127,991 of the grant funds were considered unavailable and have not been received in a timely manner.
- LaSalle County support for the Regional Office of Education No. 35 decreased by 3%. Marshall and Putnam Counties were absorbed into Regional Office of Education No. 35 on July 1, 2015. These counties are invoiced monthly for a share of the cost of various service and personnel, such as Professional Development, truancy officers, and technology coordinators. Putnam County paid a total of \$13,823 in FY 2017. Marshall County paid a total of \$18,633 in FY 2017.
- The FY 2017 State Aid foundation level was the same as FY 2016 at \$6,119. For FY 2017, the proration level was paid at 100%, meaning the entire \$6,119 was paid, and not prorated as in previous years.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Proprietary Fund Highlights**

Total proprietary fund net position increased by \$39,067 (28%). The net increase in the proprietary funds is attributed to the increased revenues in the LaSalle County Area Purchasing Coop.

**Fiduciary Fund Highlights**

There was a decrease of \$173,933 (3%) in total fiduciary funds additions for FY 2017. In FY 2017, there were 3 remaining units that receive their payments through the ROE. Transactions during FY 2017 represent mainly transfers in and out of funds for the Distributive Fund.

**Budgetary Highlights**

The ROE annually prepares budgets for several funds which serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the LaSalle County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the ROE and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Additionally, all ROE funds are reported to the Advisory Board.

**Capital Assets**

The ROE's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE maintains an inventory of capital assets which have been accumulated over time. For FY 2017, there was one acquisition of electronic equipment meeting the capitalization threshold. The total purchase cost was \$11,220. The purchase was made from the Workshop fund, a major Proprietary fund. Depreciation expense for FY 2017 was \$2,057. As of June 30, 2017, the book value of the asset was \$9,163.

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

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

- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained level for FY 2017, and are predicted to remain level for FY 2018. Marshall and Putnam Counties have been paying a monthly invoice, amounting to a total of approximately \$33,000 annually, to the Regional Office for ROE services. Even with these additional funds, covering expenditures from ROE/ISC grant dollars is nearly impossible. As a result, ROE Service obligations will have to be met and funded with other sources of revenue such as Workshops or the Purchasing Coop. Furthermore, FY 2017 was the last year

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

of the three-year Math and Science grant. That grant application has not been approved for future years. In addition, as of November 2017, we had yet to receive FY 2017 grant payments from several different grants, including RSSCEP, Truancy, and Regional Safe School. They are being held at the Illinois Comptroller's office, and have yet to be processed and paid out to the ROE. With the state government budget troubles and untimely grant payments, the FY 2018 funding status of the ROE/ISC grant remains unknown.

- General State Aid is being prorated at 100% of the FY 2017 foundation level of \$6,119. In prior years, appropriations of the foundation levels have been under 100%. For FY 2016, the foundation level was prorated at 92.1%.
- County Board support for Regional Office of Education No. 35 remains level for FY 2018, or may slightly decrease.

**Contacting the ROE's Financial Management**

This financial report is designed to provide the ROE's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 35 at 119 W. Madison St., Room No. 102, Ottawa, IL 61350.

## **BASIC FINANCIAL STATEMENTS**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 421,870	\$ 148,398	\$ 570,268
Investments	360,132	26,031	386,163
Prepaid expenses	4,805	660	5,465
Due from other governmental units	262,024	-	262,024
Total current assets	<u>1,048,831</u>	<u>175,089</u>	<u>1,223,920</u>
<b>Noncurrent assets</b>			
Capital assets, net	-	9,163	9,163
Net pension asset	12,762	1,042	13,804
Total noncurrent assets	<u>12,762</u>	<u>10,205</u>	<u>22,967</u>
<b>TOTAL ASSETS</b>	<u>1,061,593</u>	<u>185,294</u>	<u>1,246,887</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>1,448,670</u>	<u>16,407</u>	<u>1,465,077</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	17,209	-	17,209
Unearned revenues	-	10,341	10,341
Total current liabilities	<u>17,209</u>	<u>10,341</u>	<u>27,550</u>
<b>Noncurrent liabilities</b>			
Net pension liability	1,398,312	-	1,398,312
Total noncurrent liabilities	<u>1,398,312</u>	<u>-</u>	<u>1,398,312</u>
<b>TOTAL LIABILITIES</b>	<u>1,415,521</u>	<u>10,341</u>	<u>1,425,862</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>241,490</u>	<u>10,991</u>	<u>252,481</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	9,163	9,163
Unrestricted	601,727	170,164	771,891
Restricted - other	251,525	1,042	252,567
<b>TOTAL NET POSITION</b>	<u>\$ 853,252</u>	<u>\$ 180,369</u>	<u>\$ 1,033,621</u>

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



LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2017

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Fairmount Minerals Grants</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 297,023	\$ 5,173	\$ 55,204	\$ 31,201	\$ 33,269	\$ 421,870
Investments	252,387	-	71,320	-	36,425	360,132
Prepaid expenses	4,805	-	-	-	-	4,805
Due from other funds	250,056	-	-	-	-	250,056
Due from other governmental units	-	262,024	-	-	-	262,024
Total assets	<u>804,271</u>	<u>267,197</u>	<u>126,524</u>	<u>31,201</u>	<u>69,694</u>	<u>1,298,887</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>\$ 804,271</u>	<u>\$ 267,197</u>	<u>\$ 126,524</u>	<u>\$ 31,201</u>	<u>\$ 69,694</u>	<u>\$ 1,298,887</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 11,412	\$ 5,797	\$ -	\$ -	\$ -	\$ 17,209
Due to other funds	-	250,056	-	-	-	250,056
Total liabilities	<u>11,412</u>	<u>255,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,265</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	127,991	-	-	-	127,991
<b>FUND BALANCES</b>						
Nonspendable	4,805	-	-	-	-	4,805
Restricted	-	5,196	126,524	31,201	69,694	232,615
Assigned	110,699	-	-	-	-	110,699
Unassigned	677,355	(121,843)	-	-	-	555,512
Total fund balances (deficit)	<u>792,859</u>	<u>(116,647)</u>	<u>126,524</u>	<u>31,201</u>	<u>69,694</u>	<u>903,631</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>						
	<u>\$ 804,271</u>	<u>\$ 267,197</u>	<u>\$ 126,524</u>	<u>\$ 31,201</u>	<u>\$ 69,694</u>	<u>\$ 1,298,887</u>

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

**EXHIBIT D**

Total fund balances - governmental funds		\$ 903,631
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
McKinney Education for Homeless Children	12,648	
Regional Safe Schools	27,279	
Truants Alternative Programs	49,271	
RSSCEP	38,627	
State Free Lunch and Breakfast Program	<u>166</u>	127,991
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.</p>		
Net pension asset		12,762
<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	1,448,670	
Deferred inflows of resources	<u>(241,490)</u>	1,207,180
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		<u>(1,398,312)</u>
Net position of governmental activities		<u>\$ 853,252</u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ -	\$ 639,905	\$ -	\$ -	\$ -	\$ 639,905
State sources	310,965	276,541	-	-	1,409	588,915
Local sources	132,253	-	29,820	45,150	5,754	212,977
Interest	1,823	-	587	-	328	2,738
On-behalf payments	-	636,874	-	-	-	636,874
Total revenues	445,041	1,553,320	30,407	45,150	7,491	2,081,409
<b>EXPENDITURES</b>						
Instructional services:						
Salaries	257,553	623,453	28,303	-	-	909,309
Benefits	20,371	72,119	2,193	-	-	94,683
Pension expenditures	7,793	93,612	1,481	-	-	102,886
Purchased services	65,058	156,215	11,954	35,427	3,542	272,196
Supplies and materials	16,220	62,193	51	-	74	78,538
Miscellaneous	240	1,055	-	-	-	1,295
On-behalf payments	-	636,874	-	-	-	636,874
Capital outlay	3,725	2,085	-	-	-	5,810
Total expenditures	370,960	1,647,606	43,982	35,427	3,616	2,101,591
<b>NET CHANGE IN FUND BALANCES</b>	74,081	(94,286)	(13,575)	9,723	3,875	(20,182)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	718,778	(22,361)	140,099	21,478	65,819	923,813
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 792,859	\$ (116,647)	\$ 126,524	\$ 31,201	\$ 69,694	\$ 903,631

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 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**

**EXHIBIT F**

Net change in fund balances	\$	(20,182)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
McKinney Education for Homeless Children	12,648	
Regional Safe Schools	27,279	
Truants Alternative Programs	49,271	
RSSCEP	38,627	
State Free Lunch and Breakfast Program	166	
Current years unavailable revenue	<u>127,991</u>	
Prior year unavailable revenue	<u>(28,466)</u>	99,525
<p>Governmental funds report employer pension contributions as pension expenditures. Employer pension contributions made after the measurement date are deferred on the Statement of Activities.</p>		
		86,660
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension expense (net of employer pension contributions not deferred)		<u>(364,763)</u>
Change in net position of governmental activities	\$	<u><u>(198,760)</u></u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

EXHIBIT G

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Excellence in Education	Nonmajor Proprietary Funds	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 19,088	\$ 75,010	\$ 977	\$ 7,458	\$ 45,865	\$ 148,398
Investments	-	26,031	-	-	-	26,031
Prepaid expenses	660	-	-	-	-	660
Total current assets	19,748	101,041	977	7,458	45,865	175,089
<b>Noncurrent assets</b>						
Equipment, net	9,163	-	-	-	-	9,163
Net pension asset	-	1,042	-	-	-	1,042
Total noncurrent assets	9,163	1,042	-	-	-	10,205
<b>TOTAL ASSETS</b>	28,911	102,083	977	7,458	45,865	185,294
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	-	16,407	-	-	-	16,407
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Unearned revenues	-	10,341	-	-	-	10,341
<b>TOTAL LIABILITIES</b>	-	10,341	-	-	-	10,341
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	-	10,991	-	-	-	10,991
<b>NET POSITION</b>						
Unrestricted	19,748	96,116	977	7,458	45,865	170,164
Net investment in capital assets	9,163	-	-	-	-	9,163
Restricted - other	-	1,042	-	-	-	1,042
<b>TOTAL NET POSITION</b>	\$ 28,911	\$ 97,158	\$ 977	\$ 7,458	\$ 45,865	\$ 180,369

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT H

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Excellence in Education	Nonmajor Proprietary Funds	
<b>OPERATING REVENUES</b>						
Fees for services	\$ 30,482	\$ 82,912	\$ 7,335	\$ 21,733	\$ 15,672	\$ 158,134
<b>OPERATING EXPENSES</b>						
Salaries	-	28,830	-	-	42	28,872
Benefits	-	1,553	-	-	3	1,556
Pension expense	-	2,306	-	-	-	2,306
Purchased services	30,542	2,382	10,230	18,074	8,900	70,128
Supplies and materials	4,286	1,756	-	3,919	2,634	12,595
Capital outlay	-	1,049	-	-	-	1,049
Miscellaneous	730	-	-	-	-	730
Depreciation	2,057	-	-	-	-	2,057
Total operating expenses	37,615	37,876	10,230	21,993	11,579	119,293
<b>OPERATING INCOME (LOSS)</b>	(7,133)	45,036	(2,895)	(260)	4,093	38,841
<b>NONOPERATING REVENUES</b>						
Interest	187	39	-	-	-	226
<b>CHANGE IN NET POSITION</b>	(6,946)	45,075	(2,895)	(260)	4,093	39,067
<b>NET POSITION, BEGINNING OF YEAR</b>	35,857	52,083	3,872	7,718	41,772	141,302
<b>NET POSITION, END OF YEAR</b>	\$ 28,911	\$ 97,158	\$ 977	\$ 7,458	\$ 45,865	\$ 180,369

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT I

	Business Type Activities - Enterprise Funds					
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Excellence in Education	Nonmajor Proprietary Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts for workshops and services	\$ 30,657	\$ 85,571	\$ 7,335	\$ 21,733	\$ 15,672	\$ 160,968
Payments to employees	-	(28,830)	-	-	(42)	(28,872)
Payments to suppliers and providers of goods and services	(32,334)	(9,794)	(10,230)	(21,993)	(11,537)	(85,888)
Net cash provided by (used in) operating activities	(1,677)	46,947	(2,895)	(260)	4,093	46,208
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</b>						
Payments related to acquisition of capital assets	(11,220)	-	-	-	-	(11,220)
Net cash used in capital and financing activities	(11,220)	-	-	-	-	(11,220)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of Investments	-	(39)	-	-	-	(39)
Interest	187	39	-	-	-	226
Net cash provided by investing activities	187	-	-	-	-	187
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(12,710)	46,947	(2,895)	(260)	4,093	35,175
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	31,798	28,063	3,872	7,718	41,772	113,223
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 19,088	\$ 75,010	\$ 977	\$ 7,458	\$ 45,865	\$ 148,398
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ (7,133)	\$ 45,036	\$ (2,895)	\$ (260)	\$ 4,093	\$ 38,841
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Effects of changes in assets, deferred outflows, liabilities and deferred inflows:						
Due from other governmental units	175	-	-	-	-	175
Depreciation	2,057	-	-	-	-	2,057
Prepaid expenses	3,224	-	-	-	-	3,224
Net pension asset	-	450	-	-	-	450
Deferred outflows of resources	-	(8,534)	-	-	-	(8,534)
Unearned revenues	-	2,659	-	-	-	2,659
Deferred inflows of resources	-	7,336	-	-	-	7,336
Net cash provided by (used in) operating activities	\$ (1,677)	\$ 46,947	\$ (2,895)	\$ (260)	\$ 4,093	\$ 46,208

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

**EXHIBIT J**

**ASSETS**

Cash and cash equivalents	<u>\$ 16</u>
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**LIABILITIES**

Due to other governmental units	<u>\$ 16</u>
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*The notes to the financial statements are an integral part of this statement.*

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

A. Reporting Entity

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) operates under the School Code (105 ILCS 5/3 and 5/3A). The ROE encompasses LaSalle, Marshall, and Putnam Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the region and is elected to the position for a four year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The Regional Superintendent is responsible for the supervision and control of the school districts. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

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

B. Scope of the Reporting Entity

The ROE's reporting entity includes all related organizations for which the ROE exercises oversight responsibility. The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the ROE 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 ROE has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES**  
**REGIONAL OFFICE OF EDUCATION NO. 35**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. New Accounting Pronouncements

Effective July 1, 2016, the ROE adopted the following accounting pronouncements:

- Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*
- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*

The ROE adopted these pronouncements during the fiscal year ended June 30, 2017; however, their implementation did not have a significant impact on the ROE's financial statements.

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by operating revenues which include amounts assessed or received from local sources for the ROE programs.

The Statement of Net Position presents the ROE's nonfiduciary assets and liabilities (and deferred inflows and outflows of resources, if any) with the differences reported as Net Position.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Fund financial statements of the ROE are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. The ROE's funds are organized into three major categories: governmental, proprietary, and fiduciary funds.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, the proprietary fund, and the fiduciary fund 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 provider have been met. Operating revenues of proprietary funds include amounts assessed or received from local sources for the ROE programs. Non-operating revenue includes interest earned on cash deposit accounts.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The ROE considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. 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 essentially two types of these revenues. In one, monies must be expended before any amounts will be reimbursed; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time that all eligibility requirements imposed by the provider have been met unless the resources are not measurable or available as described above.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

When restricted, committed, assigned and unassigned resources are available for use, it is the ROE's policy to use restricted resources first, and then committed, assigned and finally unassigned resources as they are needed.

The ROE records on-behalf payments made by the State and LaSalle County for salaries and benefits (including the Teachers' Retirement System or the Illinois Municipal Retirement Fund, as applicable) as revenues and expenditures.

F. Fund Accounting

The accounts of the ROE are organized on the basis of funds. The ROE maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

G. Governmental Fund Types

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

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

General - to account for the general operating fund. It has been used to record expenditures in connection with general administration activities.

RSSP Student - to account for monies received for assistance in funding shortfalls for student activities.

Title II - Teacher Quality (from schools) - to account for the administration of monies from various local schools to be used for the Title II – Teacher Quality programs.

Marshall and Putnam County Funding - to account for monies billed and received from Marshall and Putnam counties relating to the shared services of the technology director, truancy officers, and licensure personnel.

General State Aid - to account for grant monies received for, and payment of, expenditures for regional learning academy supplements.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. The ROE reported the following special revenue funds as major governmental funds.

Education - to account for State and Federal grant monies received for, and payment of, administering numerous grant awards which include:

McKinney Education for Homeless Children - to account for grant monies received for, and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Illinois State Board of Education.

Regional Safe Schools - this fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Truants Alternative Programs - to account for grant monies received for, and payment of, providing truancy prevention programming and monitoring truants.

Science Technology Engineering Mathematics (STEM) Science- To account for monies provided by the Federal government to work to improve the science achievement of middle and high school students by increasing teachers' content knowledge and teaching skills and preparing them to deliver robust, research-based learning experiences.

Science Technology Engineering Mathematics (STEM) Math- To account for monies provided by the Federal government to work to improve the mathematics achievement of middle and high school students by increasing teachers' content knowledge and teaching skills and prepare them to deliver robust, research-based learning experiences.

Statewide System of Support (SSOS) American Institutes for Research (AIR) Foundational Services - to account for monies provided by the Federal government for administering the evaluation of trainings and networking opportunities for: Continuous Improvement Planning, English Language Arts, Mathematics, Balanced Assessment, Evaluation trainings, Family Engagement, and networking opportunities.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

ROE/ISC Operations - to account for grant monies received for, and payment of, assisting schools in all areas of school improvement.

Workforce Investment Act (WIA) Youth Activities - to account for grant monies received for, and payment of, a dropout recovery program to help low income youth, between the ages of 14 and 21, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood.

Learning Technology Center - to account for monies from the State of Illinois for expenditures incurred to establish a statewide support system for learning technology.

Regional Safe School Cooperative Education Program (RSSCEP) - to account for monies from the State of Illinois for expenditures aimed at assisting suspended or expelled youth to become reoriented and motivated through a combination of paid work experience related to existing career opportunities with potential for advancement. The program prepares the student to complete their education by participating in career-related classroom(s) and structure cooperative work experience provided by the private sector.

National School Breakfast Program - to account for funds received for, and payment of, expenditures of the program for the school breakfast fund.

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

State Free Lunch & Breakfast Program - to account for the proceeds received and expended in the operations of the free lunch and breakfast program.

Teacher Quality – To account for monies provided by the Federal government for preparation, certification, licensure, compensation and effectiveness of teachers across the elementary, secondary and special education spectra.

Teacher Quality-Leadership – To account for monies provided by the Federal government for preparation, certification, licensure, compensation and effectiveness of teachers across the elementary, secondary and special education spectra, concentrating in the area of improving leadership skills.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Institute - to account for the stewardship of the assets held in trust for the benefit of teachers. Fees are collected from registration of teachers' licenses of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Fairmount Minerals Grants - To account for funds received from Fairmount Minerals to promote instructional innovation and nutritional wellness in LaSalle County Schools.

Nonmajor Special Revenue Funds - The ROE reported the following special revenue funds as nonmajor governmental funds:

General Educational Development (GED) - to account for the administration of the GED Testing Program. Revenues are received from testing and diploma fees.

School Bus Driver Training - to account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Annexation and Sales Petition - to account for fees collected for expenditures incurred in publishing and filing petition requests.

H. Proprietary Fund Types

Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, and transfers relating to the government's business activities in which changes in net position or cost recovery are measured, are accounted for through proprietary funds (enterprise and internal service funds). Generally accepted accounting principles for proprietary funds are similar to those applicable to businesses in the private sector; the measurement focus is on determining operating income, financial position, and cash flows.

Enterprise Funds - to account for resources from fees charged directly to those entities or individuals that use its services. The ROE reported the following enterprise funds as major proprietary funds.

Workshop - to account for local revenues and disbursements related to various workshops conducted by the ROE which are not accounted for in a separate fund.

LaSalle County Area Purchasing Coop. - to account for maintenance of cooperative purchasing program for the benefit of the ROE's various school districts and other surrounding counties' school districts.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Discovery United Streaming Coop. - to account for local revenues received for the digital video-on-demand service by Discovery Education and Learn 360.

Excellence in Education - to account for the fees and local revenues received and related disbursements while performing activities related to the Excellence in Education program.

Nonmajor Proprietary Funds - The ROE reported the following enterprise funds as nonmajor proprietary funds:

Regional Safe School Meals - to account for local revenues and disbursements for the children whose parents can afford to pay either a full or reduced cost of meals.

Evaluation and Training - to account for local revenues received for curriculum mapping, principal evaluations, and Danielsen Training.

ParaPro – to account for the fees and local revenues received and related disbursements for testing the proficiency of prospective teacher aids.

RSSP Student Activities – to account for funds received for and payment of expenditures to assist with an incentive program for RSSP students through fund raising activities.

Criminal Background Investigation - to account 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.

**I. Fiduciary Fund Types**

Fiduciary Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals, private organizations, and/or other governments.

Agency Funds are custodial in nature and do not involve measurement of results of operations. The amounts due to school districts and due to other governments are equal to the assets. Agency Funds include Distributive and Payroll.

Distributive - to account for funds received and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general State aid, State categorical grants, and various other sources.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Payroll - to account for all payroll that is incurred. Any fund that has payroll remits the money to the Payroll Fund, the Fund then pays the employee. This is an administrating agent for the ROE's payroll.

J. Net Position

Net Position of the ROE is classified as follows:

*Invested in Capital Assets* – consists of the ROE's capital assets, net of accumulated depreciation, reduced by the outstanding debt attributable to the acquisition of those assets. There is no outstanding debt related to these assets at this time.

*Restricted Net Position* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted Net Position* – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of *Restricted Net Position* or *Invested in Capital Assets*.

K. Governmental Fund Balances

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

Nonspendable Fund Balance - the portion of a Governmental Fund's Net Position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance reported is for prepaid expenses from General and General State Aid accounts (in the General Fund).

Restricted Fund Balance - the portion of the Governmental Fund's Net Position that is subject to external enforceable legal restrictions. The following funds' and accounts' fund balances are restricted by grant agreements, or contracts: Fairmount Minerals Grants, National School Breakfast Program, National School Lunch Program, and State Free Lunch & Breakfast Program. The following funds' fund balances are restricted by Illinois statute: Institute, General Educational Development, School Bus Driver Training, and Annexation and Sales Petition.

Committed Fund Balance - the portion of a Governmental Fund's Net Position with self-imposed constraints or limitations that has been placed at the highest level of decision making. The ROE has no committed fund balances.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Assigned Fund Balance - the portion of a Governmental Fund's Net Position denoted for an intended use of the resources. The accounts with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts' fund balances were assigned: RSSP Student, Title II – Teacher Quality (from Schools), and Marshall and Putnam County Funding.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The accounts with unassigned fund balances are: General and General State Aid, and the negative fund balance for McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative Programs, and RSSCEP.

**L. Revenues - Exchange and Non-exchange Transactions**

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

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the ROE must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**M. Budgets and Budgetary Information**

The ROE did not formally adopt a budget for the year ended June 30, 2017 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following accounts within the Education Fund: McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative Programs, STEM Science, STEM Math, SSOS AIR Foundational Services, ROE/ISC Operations, RSSCEP, Teacher Quality, and Teacher Quality – Leadership.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

N. Cash and Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the ROE are considered to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

O. Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE to purchase certain obligations of the U.S. Treasury, Federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

P. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are recorded at cost at time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more and intangible assets costing \$25,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to twenty years) of the respective assets.

Q. Deferred Outflows of Resources and Deferred Inflows 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 expense 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 reporting period. Deferred inflows of resources include the unamortized portion of the net difference between projected and actual earnings on pension plan investments, as well as unavailable revenue that was not collected within sixty days after year-end.

R. 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 in the financial statements. Actual results could differ from those estimates.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
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**NOTE 2 - DEPOSITS AND INVESTMENTS**

In the accompanying financial statements, certificates of deposit are reported as investments because the original maturities of the certificates exceed 90 days. For risk disclosure purposes, those certificates of deposit are deposits. The money market accounts described below are reported as cash equivalents in the accompanying financial statements. For risk disclosure purposes, the money market accounts are investments.

Deposits

The ROE utilizes several different bank accounts for its various activities. The book balance of such accounts is \$956,447 at June 30, 2017, while the bank balance was \$987,177. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2017. Of the total bank balance as of June 30, 2017, \$721,855 was insured by Federal depository insurance, and \$265,322 was collateralized by securities pledged by the ROE's financial institution that were held by the financial institution's agent but not in the name of the ROE.

Investments

As of June 30, 2017, the ROE had investments with carrying and fair values as follows:

Investment Type	Carrying Amount	Fair Value
Illinois Funds Money Market	\$ 4.305	\$ 4.305
	\$ 4.305	\$ 4.305

*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 provisions of the Illinois Public Funds Investments Act, 30 ILCS 235.

*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 investments while maintaining immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

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**NOTE 2 - DEPOSITS AND INVESTMENTS** (continued)

*Fair Value Measurements*

The ROE's financial instruments consist principally of cash and cash equivalents, including the above mentioned certificates of deposit and money market accounts. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

*Level 1:* Quoted prices in active markets for identical assets or liabilities that the agency has the ability to access.

*Level 2:* Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The fair value of the ROE's certificates of deposit and money market accounts was determined based on "Level 1" inputs. The valuation techniques used to measure the fair value of the "Level 1" instruments were valued based on quoted market prices from observable market data. The ROE does not have any financial instruments in the "Level 2" or "Level 3" category.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets for the year ended June 30, 2017.

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**NOTE 3 - CAPITAL ASSETS**

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

Governmental Activities

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Equipment	\$ 20,966	\$ -	\$ -	\$ 20,966
Less: accumulated depreciation	20,966	-	-	20,966
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-type Activities

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Equipment	\$ -	\$ 11,220	\$ -	\$ 11,220
Less: accumulated depreciation	-	2,057	-	2,057
Capital assets, net	<u>\$ -</u>	<u>\$ 9,163</u>	<u>\$ -</u>	<u>\$ 9,163</u>

Depreciation expense in the amount of \$2,057 was charged to Workshop.

**NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS**

The ROE's Governmental, Proprietary, and Fiduciary Funds have amounts due from/to the following governmental agencies:

<b>DUE FROM OTHER GOVERNMENTAL UNITS</b>	
Illinois State Board of Education	\$ 243,525
Other Regional Offices of Education/Districts	18,499
Total	<u>\$ 262,024</u>
 <b>DUE TO OTHER GOVERNMENTAL UNITS</b>	
Regional Office of Education #35	\$ 16
Total	<u>\$ 16</u>

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**NOTE 5 - INTERFUND TRANSACTIONS**

**(a) Transfers From/To Other Funds**

There were no interfund transfers for the year ended June 30, 2017.

**(b) Due From/To Other Funds**

The following is a summary of amounts due from/to other funds as of June 30, 2017:

Fund	Due From	Due To
General Fund - General State Aid	\$ 250,056	\$ -
Education Fund – McKinney Education for Homeless Children	-	12,648
Education Fund – Regional Safe Schools	-	55,779
Education Fund – Truants Alternative Programs	-	130,933
Education Fund – STEM Science	-	4,663
Education Fund – STEM Math	-	4,237
Education Fund – SSOS AIR Foundational Services	-	2,330
Education Fund – WIA Youth Activities	-	3,521
Education Fund – RSSCEP	-	32,645
Education Fund – Teacher Quality – Leadership	-	3,300
 Total	 <u>\$ 250,056</u>	 <u>\$ 250,056</u>

These interfund loans were necessitated by the State or schools not timely paying their obligations to the ROE (or other entities which in turn paid the ROE). Each of these interfund loans was repaid by the end of November 2017.

**NOTE 6 - RETIREMENT PLANS**

The ROE’s employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by the ROE on behalf of the ROE staff employees and grant coordinators. Employees paid by LaSalle County also participate in the Illinois Municipal Retirement Fund and those contributions are paid by LaSalle County. Participation is required for all ROE employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year or 600 hours or more per year for employees who worked for any IMRF employer prior to January 1, 1982;
- b. Are paid on a regular payroll from County or ROE funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another State created retirement system for the same service.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

Employees not qualifying above are considered as “nonparticipating employees” and are covered under Social Security.

The Regional Superintendent and Assistant Regional Superintendent of the ROE are paid by the State of Illinois and participate in the Teachers’ Retirement System.

**Illinois Municipal Retirement Fund**

**IMRF Plan Description**

The ROE’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The ROE’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information (RSI). The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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

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**NOTE 6 - RETIREMENT PLANS (Continued)**

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:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	13
Inactive Plan Members entitled to but not yet receiving benefits	31
Active Plan Members	14
Total	58

**Contributions**

As set by statute, the ROE's Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2016 was 10.69%. For the fiscal year ended June 30, 2017, the ROE contributed \$25,902 to the plan. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The ROE'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.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

**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.
- 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:

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**NOTE 6 - RETIREMENT PLANS (Continued)**

<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	<u>1%</u>	2.25%
<b>Total</b>	<b><u>100%</u></b>	

**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 6 - RETIREMENT PLANS (Continued)**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability <u>(A)</u></b>	<b>Plan Fiduciary Net Position <u>(B)</u></b>	<b>Net Pension Liability/(Asset) <u>(A) - (B)</u></b>
<b>Balances at December 31, 2015</b>	<b>\$ 1,384,353</b>	<b>\$ 1,406,992</b>	<b>\$ (22,639)</b>
<b>Changes for the year:</b>			
Service Cost	29,065	-	29,065
Interest on the Total Pension Liability	102,777	-	102,777
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(177,449)	-	(177,449)
Changes of Assumptions	-	-	-
Contributions - Employer	-	35,450	(35,450)
Contributions - Employees	-	14,923	(14,923)
Net Investment Income	-	(105,923)	105,923
Benefit Payments, including Refunds of Employee Contributions	(57,041)	(57,041)	-
Other (Net Transfer)	-	1,108	(1,108)
Net Changes	<u>(102,648)</u>	<u>(111,483)</u>	<u>8,835</u>
<b>Balances at December 31, 2016</b>	<b><u>\$ 1,281,705</u></b>	<b><u>\$ 1,295,509</u></b>	<b><u>\$ (13,804)</u></b>

**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 <u>(6.50%)</u></b>	<b>Current Discount <u>(7.50%)</u></b>	<b>1% Higher <u>(8.50%)</u></b>
<b>Net Pension Liability/(Asset)</b>	<b>\$ 143,588</b>	<b>\$ (13,804)</b>	<b>\$ (144,051)</b>

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**NOTE 6 - RETIREMENT PLANS (Continued)**

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

For the year ended June 30, 2017, the ROE recognized pension expense of \$28,877. At June 30, 2017, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<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	\$ 16,066	\$ 108,588
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>191,194</u>	<u>36,966</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>207,260</u>	<u>145,554</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>8,129</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 215,389</u></b>	<b><u>\$ 145,554</u></b>

\$8,129 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 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	\$ (21,061)
2018	(7,995)
2019	50,215
2020	40,547
2021	-
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ 61,706</u></b>

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**NOTE 6 - RETIREMENT PLANS (Continued)**

**Teachers' Retirement System of the State of Illinois**

**General Information about the Pension Plan**

**Plan Description**

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

TRS issues a publicly available financial report that can be obtained at [www.trsil.org/forms-and-publications](http://www.trsil.org/forms-and-publications); 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.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

**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 2010-2045, 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 employer.

- **On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2017, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of \$309,644 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 \$2,612, 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 ROE, there is a statutory requirement for the ROE 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 \$198,951 were paid from federal and special trust funds that required employer contributions of \$76,676. \$76,676 of contributions were paid, and these contributions are deferred because they were paid after the June 30, 2016 measurement date.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

- **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 employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended 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 employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer 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 ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, the ROE reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the ROE. The state's support and total are for disclosure purposes only. The amount recognized by the ROE as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the ROE were as follows:

ROE's proportionate share of the net pension liability	\$ 1,398,312
State's proportionate share of the net pension liability associated with the ROE	<u>3,153,005</u>
<b>Total</b>	<b><u>\$ 4,551,317</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 ROE's proportion of the net pension liability was based on the ROE's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the ROE's proportion was 0.0017714490 percent, which was an increase of 0.0015734205 from its proportion measured as of June 30, 2015.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

For the year ended June 30, 2017, the ROE recognized pension expense of \$309,664 and revenue of \$309,664 for support provided by the state. For the year ended June 30, 2017, the ROE recognized pension expense of \$353,661. At June 30, 2017, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,339	\$ 948
Net difference between projected and actual earnings on pension plan investments	39,505	-
Changes of assumptions	120,095	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,000,461	105,979
Employer contributions subsequent to the measurement date	<u>79,288</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,249,688</u></b>	<b><u>\$ 106,927</u></b>

\$79,288 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 in these reporting years:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2018	\$ 255,167
2019	255,167
2020	266,941
2021	238,668
2022	<u>47,530</u>
<b>Total</b>	<b><u>\$ 1,063,473</u></b>

**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 increases</b>	varies by amount of service credit
<b>Investment rate of return</b>	7.00 percent, net of pension plan investment expense, including inflation

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**NOTE 6 - RETIREMENT PLANS (Continued)**

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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>	<b><u>100%</u></b>	

**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.

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**NOTE 6 - RETIREMENT PLANS (Continued)**

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 ROE’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the ROE’s proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the ROE’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.

	<b>1% Decrease (5.83%)</b>	<b>Current Discount Rate (6.83%)</b>	<b>1% Increase (7.83%)</b>
ROE’s proportionate share of the net pension liability	<b>\$ 1,710,193</b>	<b>\$ 1,398,312</b>	<b>\$ 1,143,588</b>

**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 7 - OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

In addition to providing the pension benefits described, the ROE provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the ROE and can be amended by the ROE through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the ROE governmental funds.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

**Benefits Provided**

The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE's insurance provider. Only one former employee has chosen to continue participation in the plan. The implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* is insignificant. Therefore, the ROE has not recorded any postemployment benefit liability as of June 30, 2017.

**Teacher Health Insurance Security Fund**

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

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

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

- **On behalf contributions to the THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. 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 \$5,044 and the ROE recognized revenue and expenditures of this amount during the year.

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**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS** (continued)

State contributions intended to match active member contributions during the years ended June 30, 2016 and June 30, 2015 were 1.07 and 1.02 percent, respectively. State contributions on behalf of ROE's employees were \$4,260 and \$2,840, respectively.

- **Employer contributions to the THIS Fund**

The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .84 percent during the year ended June 30, 2017 and .80 and .76 percent during the years ended June 30, 2016 and June 30, 2015, respectively. For the year ended June 30, 2017, the ROE paid \$3,783 to the THIS Fund, which was 100 percent of the required contributions. For the years ended June 30, 2016 and June 30, 2015, the ROE paid \$3,185 and \$2,116, respectively, which was 100 percent of the required contributions.

**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/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 8 - COMMON BANK ACCOUNT**

The ROE maintains several bank accounts. The various funds of the ROE are comingled in these accounts but accounted for in separate funds.

**NOTE 9 - INTEREST ON DISTRIBUTIVE FUND**

Interest earned on distributive fund receipts is transferred after the end of each fiscal year to the General Fund by the written consent of all affected school boards and other entities. The funds are utilized by the Regional Superintendent to purchase computer equipment, develop in-service activities and other innovative programs, as well as assist with the necessary operating expenses of the ROE office.

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**NOTE 10 – ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS**

The salaries and benefits of the Superintendent and Assistant Superintendent of the ROE are paid for by the State of Illinois. Teachers’ Retirement System (TRS) contributions for the Superintendent, Assistant Superintendent, and qualifying employees of the ROE are paid by the State of Illinois, in accordance with applicable State of Illinois Law. Teacher Health Insurance Security (THIS) contributions for qualifying employees are paid by the State of Illinois, in accordance with applicable State of Illinois Law. Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education.

The breakdown of the State of Illinois on-behalf payments is as follows:

Regional Superintendent (RS) salary	\$ 112,800
Regional Superintendent benefits (includes State paid insurance)	36,397
Assistant Regional Superintendent (ARS) salary	101,520
Assistant Regional Superintendent benefits (includes State paid insurance)	21,551
TRS contributions for RS & ARS & THIS contributions for ROE employees	<u>87,643</u>
Subtotal on-behalf payments by the State of Illinois	<u>\$ 359,911</u>

As discussed in Note 6, the ROE also recognized \$309,644 of on-behalf payments for the ROE’s share of the State’s TRS pension expense.

Subtotal on-behalf payments by the State of Illinois	\$ 359,911
ROE’s share of TRS pension expense	<u>309,644</u>
Total on-behalf payments by the State of Illinois	<u>\$ 669,555</u>

Salaries and benefits of five ROE employees are paid for by LaSalle County. There are two Truant Officers and three clerical personnel.

The breakdown of the LaSalle County on-behalf payments is as follows:

Truant Officer salaries	\$ 84,369
Truant Officer benefits	35,030
Clerical salaries	103,067
Clerical benefits	<u>54,497</u>
Total on-behalf payments by LaSalle County	<u>\$ 276,963</u>

Salary and benefit data for the Truant Officers and the clerical staff were calculated based on data provided by LaSalle County Board.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 – OTHER DISCLOSURES**

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

A. The following fund/account had a deficit fund balance at June 30, 2017.

<u>Fund/Account</u>	<u>Amount</u>
McKinney Education for Homeless Children	\$12,648
Regional Safe Schools	27,279
Truants Alternative Programs	49,271
RSSCEP	32,645

B. There were no funds that overextended appropriations during the year ended June 30, 2017.

**NOTE 12 – LEASES**

The ROE annually enters into a rental agreement with the LaSalle/Putnam County Educational Alliance for Special Education (LEASE) for the use of office space for its Regional Safe School Program. The lease term is from July 1, 2016 to June 30, 2017 at a rate of \$2,765 per month. The rent paid for the year ended June 30, 2017 was \$33,180.

The ROE has entered into a lease agreement for the use of a printer/copier/scanner at the Regional Safe School. The lease term is from May 2016 to April 2021 at a rate of \$193 per month. The rent paid for the year ended June 30, 2017 was \$2,315. The future minimum lease payments are \$2,315 for each of the fiscal years ending June 30, 2018, 2019, and 2020, and \$1,929 for the fiscal year ending June 30, 2021.

**NOTE 13 – RECLASSIFICATION**

Certain items on the 2016 financial statements have been reclassified to conform to the current year's presentation. For the year ended June 30, 2016, the Marshall and Putnam County Funding fund was presented as a nonmajor special revenue fund. During the year ended June 30, 2017, it was determined that this fund should instead be presented as a general fund. As this fund had no net change or ending fund balance as of June 30, 2016, there is no restatement of balances necessary.

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)  
& RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

<b>Calendar Year Ended December 31,</b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>A. Total pension liability</b>			
Service Cost	\$ 29,065	\$ 22,546	\$ 31,000
Interest on the Total Pension Liability	102,777	93,303	82,384
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(177,449)	59,632	26,333
Changes of assumptions	-	-	52,106
Benefit payments, including refunds of employee contributions	<u>(57,041)</u>	<u>(47,790)</u>	<u>(36,220)</u>
Net Change in Total Pension Liability	(102,648)	127,691	155,603
Total pension liability-beginning	<u>1,384,353</u>	<u>1,256,662</u>	<u>1,101,059</u>
<b>Total pension liability-ending {A}</b>	<b><u>\$ 1,281,705</u></b>	<b><u>\$ 1,384,353</u></b>	<b><u>\$ 1,256,662</u></b>
<b>B. Plan fiduciary net position</b>			
Contributions-employer	\$ 35,450	\$ 33,348	\$ 23,944
Contributions-employee	14,923	12,239	10,807
Net investment income	(105,923)	50,562	181,588
Benefit payments, including refunds of employee contributions	(57,041)	(47,790)	(36,220)
Other (Net Transfer)	<u>1,108</u>	<u>(7,114)</u>	<u>(3,187)</u>
Net Change in plan fiduciary net position	(111,483)	41,245	176,932
Plan fiduciary net position-beginning	<u>1,406,992</u>	<u>1,365,747</u>	<u>1,188,815</u>
<b>Plan fiduciary net position-ending {B}</b>	<b><u>\$ 1,295,509</u></b>	<b><u>\$ 1,406,992</u></b>	<b><u>\$ 1,365,747</u></b>
<b>C. Net pension liability/(asset) {A-B}</b>	<b><u>\$ (13,804)</u></b>	<b><u>\$ (22,639)</u></b>	<b><u>\$ (109,085)</u></b>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	<b>101.08%</b>	<b>101.63%</b>	<b>108.68%</b>
<b>E. Covered Valuation payroll</b>	<b>\$ 331,618</b>	<b>\$ 271,979</b>	<b>\$ 240,162</b>
<b>F. Net pension liability as a percentage of covered valuation payroll</b>	<b>(4.16%)</b>	<b>(8.32%)</b>	<b>(45.42%)</b>

**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.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

<b>Calendar Year Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a Percentage of Covered Valuation Payroll</b>
2014	\$22,455	\$23,944	(\$1,489)	\$240,162	9.97%
2015	\$24,478	\$33,348	(\$8,870)	\$271,979	12.26%
2016	\$35,450	\$35,450	--	\$331,618	10.69%

**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.

***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.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**Methods and Assumptions Used to Determine 2016 Contribution Rates (continued):**

*Mortality:*

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

***Other Information:***

*Notes:*

There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two year lag between valuation and rate setting.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.00177145%	0.00019803%	0.00002837%
Employer's proportionate share of the net pension liability	\$ 1,398,312	\$ 129,729	\$ 17,265
State's proportionate share of the net pension liability associated with the employer	<u>3,153,005</u>	<u>2,119,267</u>	<u>1,076,632</u>
Total	<u>\$ 4,551,317</u>	<u>\$ 2,248,996</u>	<u>\$ 1,093,897</u>
Employer's covered-employee payroll	\$ 398,134	\$ 324,504	\$ 174,512
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	351.22%	39.98%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

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

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

**Notes to Required Supplementary Information**

Changes of assumptions

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

\*For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and 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.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

	<u>FY17</u>	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>
Statutorily required contributions	\$ 79,288	\$ 68,596	\$ 6,392	\$ 1,012
Contributions in relation to the statutorily-required contributions	<u>79,288</u>	<u>68,608</u>	<u>6,392</u>	<u>1,028</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ (16)</u>
Employer's covered-employee payroll	\$ 450,361	\$ 398,134	\$ 278,471	\$ 174,512
Contributions as a percentage of covered-employee payroll	17.61%	17.23%	2.30%	0.59%

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

**SUPPLEMENTARY INFORMATION**

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2017**

**SCHEDULE 1**

	<u>General</u>	<u>RSSP Student</u>	<u>Title II - Teacher Quality (from Schools)</u>	<u>Marshall and Putnam County Funding</u>	<u>General State Aid</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 23,483	\$ 14,928	\$ 79,474	\$ 16,297	\$ 162,841	\$ 297,023
Investments	252,387	-	-	-	-	252,387
Prepaid expenses	1,069	-	-	-	3,736	4,805
Due from other funds	-	-	-	-	250,056	250,056
Total Assets	<u>276,939</u>	<u>14,928</u>	<u>79,474</u>	<u>16,297</u>	<u>416,633</u>	<u>804,271</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>\$ 276,939</u>	<u>\$ 14,928</u>	<u>\$ 79,474</u>	<u>\$ 16,297</u>	<u>\$ 416,633</u>	<u>\$ 804,271</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,412</u>	<u>\$ 11,412</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,412</u>	<u>11,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	1,069	-	-	-	3,736	4,805
Assigned	-	14,928	79,474	16,297	-	110,699
Unassigned	275,870	-	-	-	401,485	677,355
Total fund balances	<u>276,939</u>	<u>14,928</u>	<u>79,474</u>	<u>16,297</u>	<u>405,221</u>	<u>792,859</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
	<u>\$ 276,939</u>	<u>\$ 14,928</u>	<u>\$ 79,474</u>	<u>\$ 16,297</u>	<u>\$ 416,633</u>	<u>\$ 804,271</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 2**

	<u>General</u>	<u>RSSP Student</u>	<u>Title II - Teacher Quality (from Schools)</u>	<u>Marshall and Putnam County Funding</u>	<u>General State Aid</u>	<u>Total</u>
<b>REVENUES</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 310,965	\$ 310,965
Local sources	5,490	62,691	31,616	32,456	-	132,253
Interest	1,429	-	-	-	394	1,823
Total revenues	<u>6,919</u>	<u>62,691</u>	<u>31,616</u>	<u>32,456</u>	<u>311,359</u>	<u>445,041</u>
<b>EXPENDITURES</b>						
Salaries	-	61,916	32,903	11,338	151,396	257,553
Benefits	-	4,021	2,994	3,338	10,018	20,371
Pension expenditures	-	879	1,195	848	4,871	7,793
Purchased services	3,426	-	1,448	635	59,549	65,058
Supplies and materials	7,551	-	808	-	7,861	16,220
Capital outlay	-	-	-	-	3,725	3,725
Miscellaneous	-	-	-	-	240	240
Total expenditures	<u>10,977</u>	<u>66,816</u>	<u>39,348</u>	<u>16,159</u>	<u>237,660</u>	<u>370,960</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,058)	(4,125)	(7,732)	16,297	73,699	74,081
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>280,997</u>	<u>19,053</u>	<u>87,206</u>	<u>-</u>	<u>331,522</u>	<u>718,778</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 276,939</u>	<u>\$ 14,928</u>	<u>\$ 79,474</u>	<u>\$ 16,297</u>	<u>\$ 405,221</u>	<u>\$ 792,859</u>

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2017

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	STEM Science	STEM Math	SSOS AIR Foundational Services	ROE/ISC Operations	WIA Youth Activities
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	12,648	55,779	136,730	4,663	4,237	2,330	-	3,521
Total assets	12,648	55,779	136,730	4,663	4,237	2,330	-	3,521
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
	\$ 12,648	\$ 55,779	\$ 136,730	\$ 4,663	\$ 4,237	\$ 2,330	\$ -	\$ 3,521
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 5,797	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	12,648	55,779	130,933	4,663	4,237	2,330	-	3,521
Total liabilities	12,648	55,779	136,730	4,663	4,237	2,330	-	3,521
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	12,648	27,279	49,271	-	-	-	-	-
<b>FUND BALANCES</b>								
Restricted	-	-	-	-	-	-	-	-
Unassigned	(12,648)	(27,279)	(49,271)	-	-	-	-	-
Total fund balances (deficit)	(12,648)	(27,279)	(49,271)	-	-	-	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>								
	\$ 12,648	\$ 55,779	\$ 136,730	\$ 4,663	\$ 4,237	\$ 2,330	\$ -	\$ 3,521

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

	Learning Technology Center	RSSCEP	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality- Leadership	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 409	\$ 4,528	\$ 236	\$ -	\$ -	\$ 5,173
Due from other governmental units	-	38,627	-	-	189	-	3,300	262,024
Total assets	-	38,627	409	4,528	425	-	3,300	267,197
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
	\$ -	\$ 38,627	\$ 409	\$ 4,528	\$ 425	\$ -	\$ 3,300	\$ 267,197
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,797
Due to other funds	-	32,645	-	-	-	-	3,300	250,056
Total liabilities	-	32,645	-	-	-	-	3,300	255,853
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	38,627	-	-	166	-	-	127,991
<b>FUND BALANCES</b>								
Restricted	-	-	409	4,528	259	-	-	5,196
Unassigned	-	(32,645)	-	-	-	-	-	(121,843)
Total fund balances (deficit)	-	(32,645)	409	4,528	259	-	-	(116,647)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>								
	\$ -	\$ 38,627	\$ 409	\$ 4,528	\$ 425	\$ -	\$ 3,300	\$ 267,197

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 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	Regional Safe Schools	Truants Alternative Programs	STEM Science	STEM Math	SSOS AIR Foundational Services	ROE/ISC Operations	WIA Youth Activities
<b>REVENUES</b>								
Federal sources	\$ 10,937	\$ -	\$ -	\$ 244,878	\$ 240,312	\$ 46,665	\$ -	\$ 67,584
State sources	-	49,000	87,459	-	-	-	111,492	-
On-behalf payments	-	1,928	119,821	942	1,073	97	513,013	-
Total revenues	10,937	50,928	207,280	245,820	241,385	46,762	624,505	67,584
<b>EXPENDITURES</b>								
Salaries	3,525	61,647	100,504	125,561	126,857	36,451	73,474	65,277
Benefits	237	4,568	20,643	14,588	14,687	688	12,925	1,488
Pension expenditures	227	3,844	3,740	36,126	39,798	7,453	1,944	480
Purchased services	19,416	2,752	11,587	34,443	38,523	2,028	17,181	-
Supplies and materials	180	3,468	256	34,160	20,447	45	2,828	339
Capital outlay	-	-	-	-	-	-	2,085	-
Miscellaneous	-	-	-	-	-	-	1,055	-
On-behalf payments	-	1,928	119,821	942	1,073	97	513,013	-
Total expenditures	23,585	78,207	256,551	245,820	241,385	46,762	624,505	67,584
<b>NET CHANGE IN FUND BALANCE</b>	(12,648)	(27,279)	(49,271)	-	-	-	-	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ (12,648)	\$ (27,279)	\$ (49,271)	\$ -	\$ -	\$ -	\$ -	\$ -

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Learning Technology Center	RSSCEP	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality- Leadership	Total
<b>REVENUES</b>								
Federal sources	\$ -	\$ -	\$ 9,476	\$ 15,526	\$ -	\$ 470	\$ 4,057	\$ 639,905
State sources	28,436	-	-	-	154	-	-	276,541
On-behalf payments	-	-	-	-	-	-	-	636,874
Total revenues	28,436	-	9,476	15,526	154	470	4,057	1,553,320
<b>EXPENDITURES</b>								
Salaries	-	30,000	-	-	-	-	157	623,453
Benefits	-	2,295	-	-	-	-	-	72,119
Pension expenditures	-	-	-	-	-	-	-	93,612
Purchased services	-	350	11,026	14,754	255	-	3,900	156,215
Supplies and materials	-	-	-	-	-	470	-	62,193
Capital outlay	-	-	-	-	-	-	-	2,085
Miscellaneous	-	-	-	-	-	-	-	1,055
On-behalf payments	-	-	-	-	-	-	-	636,874
Total expenditures	-	32,645	11,026	14,754	255	470	4,057	1,647,606
<b>NET CHANGE IN FUND BALANCE</b>	28,436	(32,645)	(1,550)	772	(101)	-	-	(94,286)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	(28,436)	-	1,959	3,756	360	-	-	(22,361)
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ -	\$ (32,645)	\$ 409	\$ 4,528	\$ 259	\$ -	\$ -	\$ (116,647)

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	McKinney Education for Homeless Children				Regional Safe Schools			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ 20,100	\$ 30,100	\$ 10,937	\$ (19,163)	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	76,279	76,279	49,000	(27,279)
On-behalf payments	-	-	-	-	-	-	1,928	1,928
Total revenue	<u>20,100</u>	<u>30,100</u>	<u>10,937</u>	<u>(19,163)</u>	<u>76,279</u>	<u>76,279</u>	<u>50,928</u>	<u>(25,351)</u>
<b>EXPENDITURES</b>								
Salaries	3,300	3,300	3,525	(225)	62,000	62,000	61,647	353
Benefits	615	615	237	378	9,532	9,532	4,568	4,964
Pension expenditures	-	-	227	(227)	-	-	3,844	(3,844)
Purchased services	16,159	26,159	19,416	6,743	2,000	2,000	2,752	(752)
Supplies and materials	26	26	180	(154)	2,747	2,747	3,468	(721)
Capital outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	-	-	-	-	1,928	(1,928)
Total expenditures	<u>20,100</u>	<u>30,100</u>	<u>23,585</u>	<u>6,515</u>	<u>76,279</u>	<u>76,279</u>	<u>78,207</u>	<u>(1,928)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(12,648)</u>	<u>\$ (12,648)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(27,279)</u>	<u>\$ (27,279)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>				<u>-</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ (12,648)</u>				<u>\$ (27,279)</u>	

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
BUDGETARY COMPARISON SCHEDULES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Truants Alternative Programs				STEM Science			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 244,878	\$ (255,122)
State sources	162,431	162,431	87,459	(74,972)	-	-	-	-
On-behalf payments	-	-	119,821	119,821	-	-	942	942
Total revenue	<u>162,431</u>	<u>162,431</u>	<u>207,280</u>	<u>44,849</u>	<u>500,000</u>	<u>500,000</u>	<u>245,820</u>	<u>(254,180)</u>
<b>EXPENDITURES</b>								
Salaries	122,347	122,347	100,504	21,843	195,720	229,870	125,561	104,309
Benefits	25,502	25,502	20,643	4,859	80,018	112,302	14,588	97,714
Pension expenditures	-	-	3,740	(3,740)	-	-	36,126	(36,126)
Purchased services	11,142	11,142	11,587	(445)	195,596	80,254	34,443	45,811
Supplies and materials	2,940	2,940	256	2,684	28,666	77,574	34,160	43,414
Capital outlay	500	500	-	500	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	119,821	(119,821)	-	-	942	(942)
Total expenditures	<u>162,431</u>	<u>162,431</u>	<u>256,551</u>	<u>(94,120)</u>	<u>500,000</u>	<u>500,000</u>	<u>245,820</u>	<u>254,180</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(49,271)</u>	<u>\$ (49,271)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>				<u>-</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ (49,271)</u>				<u>\$ -</u>	

Note: The Original and Final Budgets for STEM Science include the budgets for both FY16 and FY17 Program Years.

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
BUDGETARY COMPARISON SCHEDULES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	STEM Math				SSOS AIR Foundational Services			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ 500,000	\$ 500,000	\$ 240,312	\$ (259,688)	\$ 79,531	\$ 79,531	\$ 46,665	\$ (32,866)
State sources	-	-	-	-	-	-	-	-
On-behalf payments	-	-	1,073	1,073	-	-	97	97
Total revenue	<u>500,000</u>	<u>500,000</u>	<u>241,385</u>	<u>(258,615)</u>	<u>79,531</u>	<u>79,531</u>	<u>46,762</u>	<u>(32,769)</u>
<b>EXPENDITURES</b>								
Salaries	207,720	250,470	126,857	123,613	61,875	61,875	36,451	25,424
Benefits	79,779	112,024	14,687	97,337	12,455	12,455	688	11,767
Pension expenditures	-	-	39,798	(39,798)	-	-	7,453	(7,453)
Purchased services	177,714	83,195	38,523	44,672	3,213	3,213	2,028	1,185
Supplies and materials	34,787	54,311	20,447	33,864	1,988	1,988	45	1,943
Capital outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	1,073	(1,073)	-	-	97	(97)
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>241,385</u>	<u>258,615</u>	<u>79,531</u>	<u>79,531</u>	<u>46,762</u>	<u>32,769</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>				<u>-</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ -</u>	

Note: The Original and Final Budgets for STEM Math include the budgets for both FY16 and FY17 Program Years.

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
BUDGETARY COMPARISON SCHEDULES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	ROE/ISC Operations				RSSCEP			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	111,492	111,492	111,492	-	38,627	38,627	-	(38,627)
On-behalf payments	-	-	513,013	513,013	-	-	-	-
Total revenue	111,492	111,492	624,505	513,013	38,627	38,627	-	(38,627)
<b>EXPENDITURES</b>								
Salaries	79,500	79,500	73,474	6,026	30,000	30,000	30,000	-
Benefits	13,718	13,718	12,925	793	2,295	2,295	2,295	-
Pension expenditures	-	-	1,944	(1,944)	-	-	-	-
Purchased services	15,074	15,074	17,181	(2,107)	4,401	4,401	350	4,051
Supplies and materials	1,000	1,000	2,828	(1,828)	1,931	1,931	-	1,931
Capital outlay	1,000	1,000	2,085	(1,085)	-	-	-	-
Miscellaneous	1,200	1,200	1,055	145	-	-	-	-
On-behalf payments to governments	-	-	513,013	(513,013)	-	-	-	-
Total expenditures	111,492	111,492	624,505	(513,013)	38,627	38,627	32,645	5,982
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(32,645)</u>	<u>\$ (32,645)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>				<u>-</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ (32,645)</u>	

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
BUDGETARY COMPARISON SCHEDULES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

Teacher Quality

Teacher Quality - Leadership

	Teacher Quality				Teacher Quality - Leadership			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>								
Federal sources	\$ 469	\$ 470	\$ 470	\$ -	\$ 4,057	\$ 4,057	\$ 4,057	\$ -
State sources	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-	-	-
Total revenue	<u>469</u>	<u>470</u>	<u>470</u>	<u>-</u>	<u>4,057</u>	<u>4,057</u>	<u>4,057</u>	<u>-</u>
<b>EXPENDITURES</b>								
Salaries	-	-	-	-	257	257	157	100
Benefits	-	-	-	-	-	-	-	-
Pension expenditures	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	3,800	3,800	3,900	(100)
Supplies and materials	469	470	470	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	-	-	-	-	-	-
Total expenditures	<u>469</u>	<u>470</u>	<u>470</u>	<u>-</u>	<u>4,057</u>	<u>4,057</u>	<u>4,057</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>				<u>-</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ -</u>				<u>\$ -</u>	

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

**SCHEDULE 6**

	<b>General Educational Development</b>	<b>School Bus Driver Training</b>	<b>Annexation and Sales Petition</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,579	\$ 10,769	\$ 1,921	\$ 33,269
Investments	23,740	12,685	-	36,425
Total assets	<u>44,319</u>	<u>23,454</u>	<u>1,921</u>	<u>69,694</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 44,319</u></u>	<u><u>\$ 23,454</u></u>	<u><u>\$ 1,921</u></u>	<u><u>\$ 69,694</u></u>
<b>LIABILITIES</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	<u>44,319</u>	<u>23,454</u>	<u>1,921</u>	<u>69,694</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 44,319</u></u>	<u><u>\$ 23,454</u></u>	<u><u>\$ 1,921</u></u>	<u><u>\$ 69,694</u></u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 7**

	<b>General Educational Development</b>	<b>School Bus Driver Training</b>	<b>Annexation and Sales Petition</b>	<b>Total</b>
<b>REVENUES</b>				
State sources	\$ -	\$ 1,409	\$ -	\$ 1,409
Local sources	708	4,060	986	5,754
Interest	214	114	-	328
Total revenues	<u>922</u>	<u>5,583</u>	<u>986</u>	<u>7,491</u>
<b>EXPENDITURES</b>				
Purchased services	-	2,393	1,149	3,542
Supplies and materials	74	-	-	74
Total expenditures	<u>74</u>	<u>2,393</u>	<u>1,149</u>	<u>3,616</u>
<b>NET CHANGE IN FUND BALANCES</b>	848	3,190	(163)	3,875
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>43,471</u>	<u>20,264</u>	<u>2,084</u>	<u>65,819</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 44,319</u>	<u>\$ 23,454</u>	<u>\$ 1,921</u>	<u>\$ 69,694</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2017**

**SCHEDULE 8**

	<u>Regional Safe School Meals</u>	<u>Evaluation and Training</u>	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 674	\$ 5,527	\$ 11,528	\$ 2,129	\$ 26,007	\$ 45,865
<b>TOTAL ASSETS</b>	<u>674</u>	<u>5,527</u>	<u>11,528</u>	<u>2,129</u>	<u>26,007</u>	<u>45,865</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>						
Unrestricted	<u>\$ 674</u>	<u>\$ 5,527</u>	<u>\$ 11,528</u>	<u>\$ 2,129</u>	<u>\$ 26,007</u>	<u>\$ 45,865</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 9**

	<b>Regional Safe School Meals</b>	<b>Evaluation and Training</b>	<b>ParaPro</b>	<b>RSSP Student Activities</b>	<b>Criminal Background Investigation</b>	<b>Total</b>
<b>OPERATING REVENUE</b>						
Fees for services	\$ -	\$ 500	\$ 4,359	\$ 805	\$ 10,008	\$ 15,672
<b>OPERATING EXPENSES</b>						
Salaries	-	-	-	-	42	42
Benefits	-	-	-	-	3	3
Purchased services	5,674	1,000	-	-	2,226	8,900
Supplies and materials	-	-	2,200	434	-	2,634
Total operating expenses	<u>5,674</u>	<u>1,000</u>	<u>2,200</u>	<u>434</u>	<u>2,271</u>	<u>11,579</u>
<b>CHANGE IN NET POSITION</b>	(5,674)	(500)	2,159	371	7,737	4,093
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>6,348</u>	<u>6,027</u>	<u>9,369</u>	<u>1,758</u>	<u>18,270</u>	<u>41,772</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 674</u>	<u>\$ 5,527</u>	<u>\$ 11,528</u>	<u>\$ 2,129</u>	<u>\$ 26,007</u>	<u>\$ 45,865</u>

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 10

	Regional Safe School Meals	Evaluation and Training	ParaPro	RSSP Student Activities	Criminal Background Investigation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts for workshops and services	\$ -	\$ 500	\$ 4,359	\$ 805	\$ 10,008	\$ 15,672
Payments to employees	-	-	-	-	(42)	(42)
Payments to suppliers and providers of goods and services	(5,674)	(1,000)	(2,200)	(434)	(2,229)	(11,537)
Net cash provided by (used in) operating activities	<u>(5,674)</u>	<u>(500)</u>	<u>2,159</u>	<u>371</u>	<u>7,737</u>	<u>4,093</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,674)	(500)	2,159	371	7,737	4,093
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,348</u>	<u>6,027</u>	<u>9,369</u>	<u>1,758</u>	<u>18,270</u>	<u>41,772</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 674</u>	<u>\$ 5,527</u>	<u>\$ 11,528</u>	<u>\$ 2,129</u>	<u>\$ 26,007</u>	<u>\$ 45,865</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ (5,674)	\$ (500)	\$ 2,159	\$ 371	\$ 7,737	\$ 4,093
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Effects of changes in assets and liabilities:						
None	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (5,674)</u>	<u>\$ (500)</u>	<u>\$ 2,159</u>	<u>\$ 371</u>	<u>\$ 7,737</u>	<u>\$ 4,093</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2017**

**SCHEDULE 11**

	<u>Distributive</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 11</u>	<u>\$ 5</u>	<u>\$ 16</u>
<b>LIABILITIES</b>			
Due to other governmental units	<u>\$ 11</u>	<u>\$ 5</u>	<u>\$ 16</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 35  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 12**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18	\$ 5,385,671	\$ 5,385,678	\$ 11
<b>LIABILITIES</b>				
Due to other governmental units	\$ 18	\$ 5,385,671	\$ 5,385,678	\$ 11
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	4	1,122,200	1,122,199	5
<b>LIABILITIES</b>				
Due to other governmental units	4	1,122,200	1,122,199	5
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 22	\$ 6,507,871	\$ 6,507,877	\$ 16
<b>LIABILITIES</b>				
Due to other governmental units	\$ 22	\$ 6,507,871	\$ 6,507,877	\$ 16

LASALLE, MARSHALL, AND PUTNAM COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 35  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

Program	Code	ROE No. 35	LEASE	L-P Area Voc. Center	Grand Total
General State Aid	3001/3002	\$ 310,966	\$ -	\$ -	\$ 310,966
Special Ed. - Personnel	3110	-	277,372	-	277,372
State Free Lunch & Breakfast	3360	163	211	-	374
Transportation - Regular and Vocational	3500	2,894	-	5,481	8,375
Truants Alternative/Optional Ed.	3695	24,996	-	-	24,996
Regional Safe Schools	3696	20,532	-	-	20,532
ROE/ISC Operations	3730	190,789	-	-	190,789
RSSCEP	3999	5,614	-	-	5,614
National School Lunch Program	4210	15,526	24,193	-	39,719
School Breakfast Program	4220	9,476	11,365	-	20,841
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	140,084	-	140,084
Fed - Sp. Ed -IDEA - Flow through	4620	-	3,823,206	-	3,823,206
Title II - Teacher Quality	4932	916	-	-	916
Title II-Teacher Quality Leadership	4935	2,257	-	-	2,257
STEM Science	4936 SA	259,890	-	-	259,890
STEM Math	4936 MA	259,736	-	-	259,736
Interest Income	8801	11	-	-	11
<b>TOTAL</b>		<b>\$ 1,103,766</b>	<b>\$ 4,276,431</b>	<b>\$ 5,481</b>	<b>\$ 5,385,678</b>