
**STATE OF ILLINOIS
LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the Year Ended June 30, 2018**

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
COMPLIANCE REPORT SUMMARY	2-3
FINANCIAL STATEMENT REPORT SUMMARY	4
FINANCIAL SECTION	
Independent Auditors’ Report.....	5-7
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	10-12
Schedule of Findings and Questioned Costs	
Section I - Summary of Auditors’ Results.....	13
Section II - Financial Statement Findings.....	14a-14d
Section III - Federal Award Findings	15a-15e
Corrective Action Plans for Current Year Audit Findings	16a-16d
Summary Schedule of Prior Audit Findings Not Repeated	17
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	23
Statement of Net Position – Proprietary Funds	24

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

TABLE OF CONTENTS (CONTINUED)

Statement of Revenues, Expenses, and Changes in Fund Net	
Position – Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Position – Fiduciary Funds.....	27
Notes to the Financial Statements	28-64

REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	65
Illinois Municipal Retirement Fund – Schedule of Employer Contributions	66
Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net Pension Liability.....	67
Teachers’ Retirement System of the State of Illinois – Schedule of Employer Contributions.....	67
Teachers’ Health Insurance Security Fund – Schedule of the Employer’s Proportionate Share of the Collective Net OPEB Liability	68
Teachers’ Health Insurance Security Fund – Schedule of Employer Contributions	68

SUPPLEMENTAL INFORMATION

Combining Schedule of Accounts – General Fund.....	69
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts.....	70
Combining Schedule of Accounts – Education Fund	71-74
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts	75-78

Budgetary Comparison Schedules – Education Fund Accounts:

Early Childhood Block Grant (FY18).....	79
Early Childhood Block Grant (FY17).....	80
Preschool for All (FY18)	81
Preschool for All (FY17)	82
Education Outreach Program	83
Foundation Level Services.....	84
IDEA Improvement Grants, Part D (FY18)	85
IDEA Improvement Grants, Part D (FY17)	86
Math & Science Partnership-Math Area Partner (FY17)	87
Math & Science Partnership-Science Area Partner (FY17)	88
McKinney Education for Homeless Children (FY18)	89
McKinney Education for Homeless Children (FY17)	90
Regional Safe Schools.....	91
ROE Operations	92
Title II Teacher Quality Leadership	93
Truants Alternative Education	94

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

TABLE OF CONTENTS (CONCLUDED)

Combining Balance Sheet – Nonmajor Special Revenue Funds	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	96
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	97
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds.....	98
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	99
Combining Statement of Fiduciary Net Position – Agency Funds	100
Combining Statement of Changes in Assets and Liabilities – Agency Funds	101
Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund	102
Schedule of Expenditures of Federal Awards.....	103
Notes to the Schedule of Expenditures of Federal Awards.....	104

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
OFFICIALS**

Regional Superintendent
(Current, Effective July 1, 2021)

Honorable Chris Tennyson

Regional Superintendent
(During the Audit Period through June 30, 2021)

Honorable Robert Sondgeroth

Assistant Regional Superintendent
(Current, Effective July 1, 2021)

Mr. Josh Knuth

Assistant Regional Superintendent
(During the Audit Period through June 30, 2021)

Mr. Chris Tennyson

Office is located at:

1001 St. Mary's Street
Sterling, Illinois 61081

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls 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	4	3
Repeated audit findings	3	0
Prior recommendations implemented or not repeated	0	3

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2018-001	14a	Salaries and Benefits Not Supported by Proper Time and Effort Documentation	Material Weakness and Noncompliance
2018-002	14c	Delay of Audit	Noncompliance
<i>Findings and Questioned Costs (Federal Compliance)</i>			
2018-001	15a	Salaries and Benefits Not Supported by Proper Time and Effort Documentation	Material Weakness and Noncompliance
2018-003	15b	Lack of Written Policies for Federal Grants	Material Weakness and Noncompliance
2018-004	15d	Subrecipient Monitoring Documentation	Significant Deficiency and Noncompliance

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY – (CONCLUDED)**

SUMMARY OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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Prior Audit Findings not Repeated (Government Auditing Standards)

None

Prior Audit Findings not Repeated (Federal Compliance)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on May 14, 2021. Attending were the Honorable Robert Sondgeroth, Regional Superintendent; Chris Tennyson, Assistant Regional Superintendent; Sherrie Pistole, Bookkeeper; Sarah Kent, Illinois Multi-Tiered System of Supports (MTSS) Network Statewide Project Assistant; and Markella Rutherford, Senior, Kemper CPA Group, LLP. Responses to the findings and recommendations were provided by the Honorable Chris Tennyson, Regional Superintendent on October 4, 2021.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47, as of June 30, 2018, 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.

Emphasis of Matter

As disclosed in Note 1 in the notes to the financial statements, the Lee, Ogle, and Whiteside Counties Regional Office of Education #47 adopted GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the Teacher Health Insurance Security Fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, Teachers' Health Insurance Security Fund Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability, and the Teachers' Health Insurance Security Fund Schedule of Employer Contributions on pages 65 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part*

200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021 on our consideration of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
November 12, 2021

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 deficiency in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002.

Regional Office of Education #47's Responses to Findings

Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
November 12, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's major federal programs for the year ended June 30, 2018. The Lee, Ogle, and Whiteside Counties Regional Office of Education #47's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lee, Ogle, and Whiteside Counties Regional Office of Education #47's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lee, Ogle, and Whiteside Counties Regional Office of Education #47's compliance.

Opinion on Each Major Federal Program

In our opinion, Lee, Ogle, and Whiteside Counties Regional Office of Education #47 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-003, and 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Lee, Ogle, and Whiteside Counties Regional Office of Education #47 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2018-004 to be a significant deficiency.

Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
November 12, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I – SUMMARY OF AUDITORS’ RESULTS
 For the Year Ended June 30, 2018**

Financial Statements in accordance with GAAP

Type of auditors’ report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes

Type of auditors’ report issued on compliance for major federal programs:	<i>Unmodified</i>
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	Yes
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.323A	Special Education – State Personnel Development <i>IDEA – Improvement Grants – Part D</i>

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	No
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**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2018**

**FINDING 2018-001 – Salaries and Benefits Not Supported by Proper Time and Effort Documentation
(Repeated from Prior Year Finding 17-001)**

Federal Program: Individuals with Disabilities Education Act (IDEA) Improvement Grant – Part D
Project No: 17-4631-RN & 18-4631-RN
CFDA No: 84.323A
Passed Through: Illinois State Board of Education
Federal Agency: U.S. Department of Education

CRITERIA/SPECIFIC REQUIREMENT:

Employees of the Regional Office of Education #47 are required to document their time and effort working on federal and State programs. Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires charges for salaries and benefits to be supported by a system of internal control which provides reasonable assurance that charges are accurate, allowable, and properly allocated. It also requires that records are used to support the distribution of employees' salary and benefits among specific activities if the employee only works part of the time on a federal award program. It further states that budget estimates alone do not qualify as support for salary and benefit charges to a federal award.

The Illinois State Board of Education (ISBE) *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*, requires that auditable time and effort reports should be written, after the fact documentation of how the time was spent. Budget estimates can be used for charging purposes, but a confirmation process or reconciliation must take place at some point after the charges are incurred to record the true effort and not merely use an estimate. Time and effort reports should be prepared by any staff with salary charged (1) directly to a federal award, (2) directly to multiple federal awards, or (3) directly to any combination of a federal award or other federal, state or local funds. Additionally, all time and effort sheets and other supporting documentation must be retained at the local level and be available for review or audit any time within three years after termination of the project or until the local entity is notified in writing from ISBE that the records are no longer needed for audit or review. The Regional Office is responsible for establishing and maintaining a system of internal controls over payroll to prevent errors and fraud. This includes review of time and effort documentation.

CONDITION:

The Regional Office allocated salary and benefit costs to various federal and State grants based on time and effort documentation; however the time and effort documentation is not being approved by a supervisor to ensure charges are accurate, allowable, and properly allocated.

QUESTIONED COSTS:

Undeterminable

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2018**

**FINDING 2018-001 – Salaries and Benefits Not Supported by Proper Time and Effort Documentation
(Repeated from Prior Year Finding 17-001) (Concluded)**

CONTEXT:

Nine payroll transactions were tested for proper time and effort documentation. None of the time and effort documentation had been approved by a supervisor.

EFFECT:

Since time and effort documentation being used for the allocations is not being approved by a supervisor, there is an increased risk that the salary and benefit costs charged to certain federal and State grant programs does not reflect the actual time worked on the programs.

CAUSE:

Regional Office management indicated this was an oversight.

RECOMMENDATION:

The Regional Office should implement written policies and procedures over time and effort reporting to ensure proper documentation is being obtained and/or maintained in all instances to properly distribute salary and benefit costs for employees who work in whole or in part on grant program activity in accordance with the Uniform Guidance and the ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*. This would include having the documentation reviewed and formally approved by a supervisor.

MANAGEMENT'S RESPONSE:

Effective April 2021, the Regional Office has developed written policies and procedures related to time and effort documentation.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2018**

FINDING NO. 2018-002 – Delay of Audit

CRITERIA/SPECIFIC REQUIREMENT:

Regional Office of Education #47 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds, and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Additionally, effective June 25, 2021 Public Act 102-0025 allows that a Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

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

CONDITION:

The Regional Office of Education #47 did not provide completed financial statements in an auditable form by the August 31 deadline.

Fieldwork was originally scheduled for the week of November 2, 2020. Fieldwork was not able to begin due to the Regional Office not having their records to the outside accounting firm to assist in adjusting the financial statements to an auditable form. Fieldwork was then rescheduled for the week of May 10, 2021.

EFFECT:

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

CAUSE:

Regional Office management indicated they did not provide their books to their outside accountant in time to fully adjust and prepare their financial statements in an auditable form.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2018**

FINDING NO. 2018-002 – Delay of Audit (Concluded)

AUDITORS' RECOMMENDATION:

The Regional Office of Education #47 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. Additionally, Regional Office management should consider Public Act 102-0025 to determine if changing to the cash basis or modified cash basis would be allowable and beneficial to the Regional Office of Education #47 and users of its financial statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

MANAGEMENT'S RESPONSE:

Management agrees with the finding.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2018**

INSTANCES OF NONCOMPLIANCE:

FINDING 2018-001 – Salaries and Benefits Not Supported by Proper Time and Effort Documentation
(Page 14a)

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES:

FINDING 2018-001 – Salaries and Benefits Not Supported by Proper Time and Effort Documentation
(Page 14a)

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2018**

FINDING 2018-003 – Lack of Written Policies for Federal Grants (Repeated from Prior Year Finding 17-002)

Federal Program: Individuals with Disabilities Education Act (IDEA) – Improvement Grant – Part D
Project No: 17-4631-RN & 18-4631-RN
CFDA No: 84.323A
Passed Through: Illinois State Board of Education
Federal Agency: U.S. Department of Education

CRITERIA/SPECIFIC REQUIREMENT:

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Regional Office of Education #47 that were issued on or after December 26, 2014. Specifically, the Uniform Guidance (2 CFR 200.302(b)(7)) requires the Regional Office to have written procedures related to cash management and for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

CONDITION:

The Regional Office does not have written procedures concerning cash management, the determination of allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award. In lieu of written procedures, the Regional Office utilized informal procedures in which each purchase made or cost allocated to the IDEA – Improvement Grant – Part D was reviewed for allowability by an individual with knowledge of the budget, allowable costs and activities, and the cash management requirements. The allowability determinations were based on the amounts included in the budgets for the IDEA – Improvement Grant – Part D approved by, and the grant periods set by, the Illinois State Board of Education.

QUESTIONED COSTS:

None

CONTEXT:

The Regional Office expended \$2,069,601 of federal awards in total during fiscal year 2018, including \$1,190,605 for the IDEA – Improvement Grant – Part D.

EFFECT:

Not having written procedures concerning cash management and cost principles increases the risk that grant payments will not be requested on the reimbursement basis and unallowable costs will be allocated to federal award programs.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2018**

FINDING 2018-003 – Lack of Written Policies for Federal Grants (Repeated from Prior Year Finding 17-002) (Concluded)

CAUSE:

Regional Office management indicated they were unable to dedicate the time needed to fully implement the Uniform Guidance due to competing priorities.

RECOMMENDATION:

We recommend the Regional Office prepare written procedures to implement the requirements related to cash management for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

MANAGEMENT’S RESPONSE:

Effective April 2021, the Regional Office has developed written policies and procedures related to the Uniform Guidance.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2018**

FINDING 2018-004 – Subrecipient Monitoring Documentation (Repeated from Prior Year Finding 17-003)

Federal Program: Individuals with Disabilities Education Act (IDEA) – Improvement Grant – Part D
Project No: 17-4631-RN & 18-4631-RN
CFDA No: 84.323A
Passed Through: Illinois State Board of Education
Federal Agency: U.S. Department of Education

CRITERIA/SPECIFIC REQUIREMENT:

Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the Regional Office to provide a specific certification to funding agencies on all annual and final fiscal reports or vouchers requesting payment, and conversely, requires the Regional Office to obtain such certification from their subrecipients (2 CFR 200.415(a)).

The Uniform Guidance (2 CFR 200.331(b)) also requires the Regional Office to evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring (cite was changed to 2 CFR 200.332(b) in November 2020).

CONDITION:

A. During our audit, the Regional Office was providing the certification to the Illinois State Board of Education, the funding agency for IDEA – Improvement Grant – Part D, when required. However, the certifications were not obtained from the subrecipients of this program.

We also noted that there are no formal documented procedures for monitoring subrecipients, including formal completion of risk assessments and the documentation of an assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

B. Additionally, it was noted that one requisition related to subrecipient disbursements was not approved by the Assistant Regional Superintendent or Regional Superintendent as required by the Regional Office’s established internal control procedures.

QUESTIONED COSTS:

None

CONTEXT:

A. The Regional Office passed \$616,820 of federal funding to its subrecipients of the IDEA – Improvement Grant – Part D.

B. Nine disbursements to subrecipients were selected for testing. One disbursement was not approved by the Assistant Regional Superintendent or Regional Superintendent.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2018**

FINDING 2018-004 – Subrecipient Monitoring Documentation (Repeated from Prior Year Finding 17-003) (Concluded)

EFFECT:

- A. By not obtaining the required certification from subrecipients, and not performing a formal documented risk assessment of the subrecipients, the risk of expenditures being improper and not in accordance with the terms and conditions of the Federal award and approved budgets is increased.
- B. Lack of proper approval increases the risk that an incorrect amount is disbursed to subrecipients.

CAUSE:

- A. Regional Office management indicated they were unable to dedicate the time needed to fully implement the Uniform Guidance due to competing priorities.
- B. Regional Office management indicated this was an oversight.

RECOMMENDATION:

- A. We recommend that the Regional Office develop written policies and procedures to ensure all annual and final fiscal reports or vouchers requesting payment received from subrecipients of federal awards include the certification required by 2 CFR 200.415(a). We also recommend that the Regional Office formalize, in writing, its subrecipient monitoring procedures, which would include formally performing and documenting risk assessments for each subrecipient, as required and described in 2 CFR 200.331(b).
- B. The Regional Office should take steps to ensure its established internal control policies are being followed.

MANAGEMENT'S RESPONSE:

- A. Effective April 2021, the Regional Office has added the following certification to expenditure reports submitted by its subrecipients:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purpose and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious or fraudulent information, or the omission of any material fact may subject me to criminal civil or administrative penalties for fraud statements, false claims or otherwise. (US Code Title 18, Section 1001 and Title 31, sections 3729-3730 and 3801-3812)

In addition, the Regional Office has implemented formal risk assessment monitoring procedures for its subrecipients.

- B. The Regional Office will take steps to ensure its established internal control policies are being followed.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

Corrective Action Plan

**FINDING 2018-001 – Salaries and Benefits Not Supported by Proper Time and Effort Documentation
(Repeated from Prior Year Finding 17-001)**

CONDITION:

The Regional Office allocated salary and benefit costs to various federal and State grants based on time and effort documentation; however the time and effort documentation is not being approved by a supervisor to ensure charges are accurate, allowable, and properly allocated.

PLAN:

The Regional Office will require supervisors to review and approve time and effort documentation.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2021

CONTACT PERSON:

Chris Tennyson, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

Corrective Action Plan (Continued)

FINDING 2018-002 – Delay of Audit

CONDITION:

The Regional Office of Education #47 did not provide completed financial statements in an auditable form by the August 31 deadline.

Fieldwork was originally scheduled for the week of November 2, 2020. Fieldwork was not able to begin due to the Regional Office not having their records to the outside accounting firm to assist in adjusting the financial statements to an auditable form. Fieldwork was then rescheduled for the week of May 10, 2021.

PLAN:

The Regional Office will work with its auditors to respond timely to requests in an effort to get the Regional Office's audits up-to-date. The Regional Office will also coordinate the timing of future audit fieldwork with the outside accounting firm assisting in adjusting the financial statements to an auditable form in order to provide the financial statements to its auditors timely.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2022

CONTACT PERSON:

Chris Tennyson, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

Corrective Action Plan (Continued)

FINDING 2018-003 – Lack of Written Policies for Federal Grants (Repeated from Prior Year Finding 17-002)

CONDITION:

The Regional Office does not have written procedures concerning cash management, the determination of allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award. In lieu of written procedures, the Regional Office utilized informal procedures in which each purchase made or cost allocated to the IDEA – Improvement Grant – Part D was reviewed for allowability by an individual with knowledge of the budget, allowable costs and activities, and the cash management requirements. The allowability determinations were based on the amounts included in the budgets for the IDEA – Improvement Grant – Part D approved by, and the grant periods set by, the Illinois State Board of Education.

PLAN:

The Regional Office will develop written policies and procedures related to the Uniform Guidance.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2021

CONTACT PERSON:

Chris Tennyson, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

Corrective Action Plan (Concluded)

FINDING 2018-004 – Subrecipient Monitoring Documentation (Repeated from Prior Year Finding 17-003)

CONDITION:

- A. During our audit, the Regional Office was providing the certification to the Illinois State Board of Education, the funding agency for IDEA – Improvement Grant – Part D, when required. However, the certifications were not obtained from the subrecipients of this program.

We also noted that there are no formal documented procedures for monitoring subrecipients, including formal completion of risk assessments and the documentation of an assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

- B. Additionally, it was noted that one requisition related to subrecipient disbursements was not approved by the Assistant Regional Superintendent or Regional Superintendent as required by the Regional Office’s established internal control procedures.

PLAN:

- A. The Regional Office will add the following certification to expenditure reports submitted by its subrecipients:

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purpose and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious or fraudulent information, or the omission of any material fact may subject me to criminal civil or administrative penalties for fraud statements, false claims or otherwise. (US Code Title 18, Section 1001 and Title 31, sections 3729-3730 and 3801-3812)

In addition, the Regional Office will implement formal risk assessment monitoring procedures for its subrecipients.

- B. The Regional Office will take steps to ensure its established internal control policies are being followed.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2021

CONTACT PERSON:

Chris Tennyson, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the Year Ended June 30, 2018**

All prior year audit findings were repeated in fiscal year 2018.

BASIC FINANCIAL STATEMENTS

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 818,472	\$ 131,177	\$ 949,649
Due from other governments	586,288	23,310	609,598
Prepaid expenses	25,290	-	25,290
Total Current Assets	<u>1,430,050</u>	<u>154,487</u>	<u>1,584,537</u>
NONCURRENT ASSETS			
Net pension asset	206,105	6,665	212,770
Capital assets, being depreciated, net	115,323	-	115,323
Total Noncurrent Assets	<u>321,428</u>	<u>6,665</u>	<u>328,093</u>
TOTAL ASSETS	<u>1,751,478</u>	<u>161,152</u>	<u>1,912,630</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,392,210	71,184	2,463,394
Deferred outflows related to OPEB	88,241	2,673	90,914
Total Deferred Outflows of Resources	<u>2,480,451</u>	<u>73,857</u>	<u>2,554,308</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	13,351	1,381	14,732
Due to other governments	232,389	-	232,389
Capital leases payable - current	4,516	-	4,516
Unearned revenue	28,916	-	28,916
Total Current Liabilities	<u>279,172</u>	<u>1,381</u>	<u>280,553</u>
NONCURRENT LIABILITIES			
Capital leases payable - noncurrent	13,418	-	13,418
Net pension liability	3,427,273	101,748	3,529,021
Net OPEB liability	1,098,810	33,283	1,132,093
Total Noncurrent Liabilities	<u>4,539,501</u>	<u>135,031</u>	<u>4,674,532</u>
TOTAL LIABILITIES	<u>4,818,673</u>	<u>136,412</u>	<u>4,955,085</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,295,089	39,059	1,334,148
Deferred inflows related to OPEB	131,462	3,982	135,444
Total Deferred Inflows of Resources	<u>1,426,551</u>	<u>43,041</u>	<u>1,469,592</u>
NET POSITION			
Net investment in capital assets	97,389	-	97,389
Unrestricted	(2,630,641)	48,891	(2,581,750)
Restricted for educational purposes	519,957	6,665	526,622
TOTAL NET POSITION	<u>\$ (2,013,295)</u>	<u>\$ 55,556</u>	<u>\$ (1,957,739)</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional Services						
Salaries	\$ 1,571,908	\$ 40,173	\$ 1,115,519	\$ (416,216)	\$ -	\$ (416,216)
Employee benefits	186,330	3,386	135,339	(47,605)	-	(47,605)
Pension expense	629,196	3,672	85,075	(540,449)	-	(540,449)
OPEB expense	71,939	-	-	(71,939)	-	(71,939)
Purchased services	796,483	23,445	569,244	(203,794)	-	(203,794)
Supplies and materials	72,086	1,961	59,705	(10,420)	-	(10,420)
Depreciation	15,084	-	-	(15,084)	-	(15,084)
Intergovernmental						
Payments to other governmental units	979,918	-	965,932	(13,986)	-	(13,986)
Administrative						
On-behalf payments	1,261,444	-	-	(1,261,444)	-	(1,261,444)
Total Governmental Activities	<u>5,584,388</u>	<u>72,637</u>	<u>2,930,814</u>	<u>(2,580,937)</u>	<u>-</u>	<u>(2,580,937)</u>
Business-Type Activities:						
Other	263,628	176,193	-	-	(87,435)	(87,435)
Total Business-type Activities	<u>263,628</u>	<u>176,193</u>	<u>-</u>	<u>-</u>	<u>(87,435)</u>	<u>(87,435)</u>
Total Primary Government	<u>\$ 5,848,016</u>	<u>\$ 248,830</u>	<u>\$ 2,930,814</u>	<u>(2,580,937)</u>	<u>(87,435)</u>	<u>(2,668,372)</u>
General Revenues and Transfers:						
Local sources				246,832	-	246,832
State sources				541,715	-	541,715
On-behalf payments				1,261,444	-	1,261,444
Interest				10,358	-	10,358
Total General Revenues				<u>2,060,349</u>	<u>-</u>	<u>2,060,349</u>
Change in Net Position				<u>(520,588)</u>	<u>(87,435)</u>	<u>(608,023)</u>
Net Position - Beginning				(415,361)	152,775	(262,586)
Restatement (See Note 18)				<u>(1,077,346)</u>	<u>(9,784)</u>	<u>(1,087,130)</u>
Net Position - Beginning - Restated				<u>(1,492,707)</u>	<u>142,991</u>	<u>(1,349,716)</u>
Net Position - Ending				<u>\$ (2,013,295)</u>	<u>\$ 55,556</u>	<u>\$ (1,957,739)</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General Fund	Education Fund	Institute	Nonmajor Special- Revenue Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 431,778	\$ 84,372	\$ 284,599	\$ 17,723	\$ -	\$ 818,472
Due from other funds	350,043	-	-	-	(350,043)	-
Due from other governments	62,143	524,145	-	-	-	586,288
Prepaid expenses	25,290	-	-	-	-	25,290
Total Assets	<u>869,254</u>	<u>608,517</u>	<u>284,599</u>	<u>17,723</u>	<u>(350,043)</u>	<u>1,430,050</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ 869,254</u>	<u>\$ 608,517</u>	<u>\$ 284,599</u>	<u>\$ 17,723</u>	<u>\$ (350,043)</u>	<u>\$ 1,430,050</u>
LIABILITIES						
Accounts payable	\$ -	\$ 13,351	\$ -	\$ -	\$ -	\$ 13,351
Due to other funds	27,712	322,331	-	-	(350,043)	-
Due to other governments	-	232,389	-	-	-	232,389
Unearned revenue	-	28,916	-	-	-	28,916
Total Liabilities	<u>27,712</u>	<u>596,987</u>	<u>-</u>	<u>-</u>	<u>(350,043)</u>	<u>274,656</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>29,171</u>	<u>56,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,030</u>
FUND BALANCES (DEFICITS)						
Nonspendable	25,290	-	-	-	-	25,290
Restricted	-	14,097	284,599	17,723	-	316,419
Unassigned	<u>787,081</u>	<u>(59,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,655</u>
Total Fund Balances (Deficits)	<u>812,371</u>	<u>(45,329)</u>	<u>284,599</u>	<u>17,723</u>	<u>-</u>	<u>1,069,364</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)						
	<u>\$ 869,254</u>	<u>\$ 608,517</u>	<u>\$ 284,599</u>	<u>\$ 17,723</u>	<u>\$ (350,043)</u>	<u>\$ 1,430,050</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2018**

Total Fund Balances - Governmental Funds	\$	1,069,364
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$431,842.		115,323
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Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.		86,030
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:

Deferred outflows of resources related to pensions	\$ 2,392,210		
Deferred inflows of resources related to pensions	(1,295,089)		
Deferred outflows of resources related to OPEB	88,241		
Deferred inflows of resources related to OPEB	<u>(131,462)</u>		1,053,900

Noncurrent assets accumulated to pay pension benefits in excess of the related pension liability are not reported in the governmental funds.

IMRF net pension asset		206,105
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Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

TRS net pension liability	(3,427,273)		
Net OPEB liability	(1,098,810)		
Capital lease payable	<u>(17,934)</u>		<u>(4,544,017)</u>

Net Position of Governmental Activities	\$	<u><u>(2,013,295)</u></u>
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The notes to the financial statements are an integral part of this statement.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Education Fund	Institute	Nonmajor Special-Revenue Funds	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 221,666	\$ 705	\$ 65,377	\$ 5,865	\$ -	\$ 293,613
State sources	541,715	1,030,355	-	1,395	-	1,573,465
Federal sources	-	2,091,639	-	-	-	2,091,639
Interest	10,358	-	-	-	-	10,358
On-behalf payments	424,694	-	-	-	-	424,694
Total Revenues	<u>1,198,433</u>	<u>3,122,699</u>	<u>65,377</u>	<u>7,260</u>	<u>-</u>	<u>4,393,769</u>
EXPENDITURES						
Instructional services						
Salaries	412,993	1,142,198	10,844	5,873	-	1,571,908
Employee benefits	46,345	138,576	960	449	-	186,330
Pension expense	24,862	87,110	972	556	-	113,500
OPEB expense	2,805	4,432	17	-	-	7,254
Purchased services	203,870	582,857	6,028	3,728	-	796,483
Supplies and materials	10,137	61,133	356	460	-	72,086
Intergovernmental						
Payments to other governmental units	13,986	965,932	-	-	-	979,918
Administrative						
On-behalf payments	424,694	-	-	-	-	424,694
Capital outlay	16,877	-	-	-	-	16,877
Total Expenditures	<u>1,156,569</u>	<u>2,982,238</u>	<u>19,177</u>	<u>11,066</u>	<u>-</u>	<u>4,169,050</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,864</u>	<u>140,461</u>	<u>46,200</u>	<u>(3,806)</u>	<u>-</u>	<u>224,719</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term lease payable	16,877	-	-	-	-	16,877
Repayment of long-term lease payable	(3,991)	-	-	-	-	(3,991)
Transfers in	-	33,744	-	-	(33,744)	-
Transfers out	(33,744)	-	-	-	33,744	-
Total Other Financing Sources (Uses)	<u>(20,858)</u>	<u>33,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,886</u>
Net Change in Fund Balances (Deficits)	21,006	174,205	46,200	(3,806)	-	237,605
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>791,365</u>	<u>(219,534)</u>	<u>238,399</u>	<u>21,529</u>	<u>-</u>	<u>831,759</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 812,371</u>	<u>\$ (45,329)</u>	<u>\$ 284,599</u>	<u>\$ 17,723</u>	<u>\$ -</u>	<u>\$ 1,069,364</u>

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
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, 2018

Net Change in Fund Balances \$ 237,605

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

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

Capital outlay	\$ 16,877	
Depreciation expense	<u>(15,084)</u>	1,793

A capital asset acquired this year was financed with a capital lease. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the capital lease is not revenue in the Statement of Activities, but rather constitutes a liability in the Statement of Net Position. (16,877)

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

Current year unavailable revenue	86,030	
Prior year unavailable revenue	<u>(252,749)</u>	(166,719)

Pension and OPEB 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:

Pension contributions	113,500	
Cost of benefits earned, net	(629,196)	
OPEB contributions	7,254	
Cost of benefits earned, net	<u>(71,939)</u>	(580,381)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Repayment of principal of capital leases payable		<u>3,991</u>
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Change in Net Position of Governmental Activities \$ (520,588)

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities		Total
	Enterprise Funds		
	School Improvement Plan (SIP)	Nonmajor Enterprise Funds	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 23,165	\$ 108,012	\$ 131,177
Due from other governments	1,200	22,110	23,310
Total Current Assets	<u>24,365</u>	<u>130,122</u>	<u>154,487</u>
Noncurrent assets			
Net pension asset	<u>2,897</u>	<u>3,768</u>	<u>6,665</u>
Total Assets	<u>27,262</u>	<u>133,890</u>	<u>161,152</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	68,684	2,500	71,184
Deferred outflows related to OPEB	2,618	55	2,673
Total Deferred Outflows of Resources	<u>71,302</u>	<u>2,555</u>	<u>73,857</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	1,381	1,381
Total Current Liabilities	<u>-</u>	<u>1,381</u>	<u>1,381</u>
Noncurrent liabilities			
Net pension liability	99,733	2,015	101,748
Net OPEB liability	32,604	679	33,283
Total Noncurrent Liabilities	<u>132,337</u>	<u>2,694</u>	<u>135,031</u>
Total Liabilities	<u>132,337</u>	<u>4,075</u>	<u>136,412</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	34,220	4,839	39,059
Deferred inflows related to OPEB	3,901	81	3,982
Total Deferred Inflows of Resources	<u>38,121</u>	<u>4,920</u>	<u>43,041</u>
NET POSITION			
Unrestricted	(74,791)	123,682	48,891
Restricted for educational purposes	2,897	3,768	6,665
Total Net Position	<u>\$ (71,894)</u>	<u>\$ 127,450</u>	<u>\$ 55,556</u>

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-Type Activities		Total
	Enterprise Funds		
	School Improvement Plan (SIP)	Nonmajor Enterprise Funds	
Operating Revenues			
Charges for services	\$ 63,117	\$ 113,076	\$ 176,193
Operating Expenses			
Salaries	61,168	10,710	71,878
Employee benefits	4,764	308	5,072
Pension expense (income)	53,170	(600)	52,570
OPEB expense (income)	26,492	(1,465)	25,027
Purchased services	26,486	76,441	102,927
Supplies and materials	-	6,154	6,154
Payments to other governments	-	-	-
Total Operating Expenses	<u>172,080</u>	<u>91,548</u>	<u>263,628</u>
Change in Net Position	<u>(108,963)</u>	<u>21,528</u>	<u>(87,435)</u>
Net Position, Beginning of Year	44,679	108,096	152,775
Restatement (See Note 18)	<u>(7,610)</u>	<u>(2,174)</u>	<u>(9,784)</u>
Net Position, Beginning of Year - Restated	<u>37,069</u>	<u>105,922</u>	<u>142,991</u>
Net Position, End of Year	<u>\$ (71,894)</u>	<u>\$ 127,450</u>	<u>\$ 55,556</u>

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type Activities		Total
	Enterprise Funds		
	School Improvement Plan (SIP)	Nonmajor Enterprise Funds	
Cash flows from Operating Activities:			
Receipts from customers	\$ 61,917	\$ 91,997	\$ 153,914
Payments to suppliers and providers of goods and services	(26,486)	(81,214)	(107,700)
Payments to employees	(68,508)	(12,195)	(80,703)
Net Cash Provided by (Used for) Operating Activities	<u>(33,077)</u>	<u>(1,412)</u>	<u>(34,489)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(33,077)	(1,412)	(34,489)
Cash and Cash Equivalents, Beginning of Year	<u>56,242</u>	<u>\$ 109,424</u>	<u>165,666</u>
Cash and Cash Equivalents, End of Year	<u>\$ 23,165</u>	<u>\$ 108,012</u>	<u>\$ 131,177</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (108,963)	\$ 21,528	\$ (87,435)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension and OPEB expense reconciliation	77,086	(3,242)	73,844
(Increase) decrease in assets:			
Due from other governments	(1,200)	(21,079)	(22,279)
Increase (decrease) in liabilities:			
Accounts payable	<u>-</u>	<u>1,381</u>	<u>1,381</u>
Net cash provided by (used for) operating activities	<u>\$ (33,077)</u>	<u>\$ (1,412)</u>	<u>\$ (34,489)</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 638,945
Due from other governments	<u>1,806,792</u>
TOTAL ASSETS	<u><u>\$ 2,445,737</u></u>
LIABILITIES	
Due to other governments	<u>\$ 2,445,737</u>
TOTAL LIABILITIES	<u><u>\$ 2,445,737</u></u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #47 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2018, the Regional Office of Education #47 implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 85, *Omnibus 2017*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenditures, and identifies the note disclosure and RSI reporting requirements for other postemployment benefits (OPEB) other than pensions. The implementation of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implement of GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of GASB Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The implementation of GASB Statement No.'s 81, 85, and 86 had no impact on the financial statements of the Regional Office of Education #47.

A. Date of Management's Review

Management has evaluated subsequent events through November 12, 2021, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

Lee, Ogle, and Whiteside Counties Regional Office of Education #47 operates under the School Code (105 ILCS 5/3 and 5/3A). A Regional Superintendent of Schools serves as chief administrative officer of the Regional Office of Education #47 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. 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 is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers' institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping the reports and statements returned by school treasurers and trustees.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #47's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within the region are properly bonded. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2018, the Regional Office of Education #47 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #47. Such activities are reported as a single major special revenue fund (Education Fund).

C. Scope of Reporting Entity

The Regional Office of Education #47's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #47 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #47 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #47 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #47 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #47 being considered a component unit of the entity.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

The Regional Office of Education #47's government-wide financial statements include a Statement of Net Position and a Statement of Activities and report information on all of the non-fiduciary activities of the Regional Office of Education #47. These statements present a summary of governmental and business-type activities for the Regional Office of Education #47 accompanied by a total column and are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #47 also has business-type activities that rely on fees and charges for support.

All of the Regional Office of Education #47's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges 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 operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, such as, payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position.

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Governmental Fund Financial Statements

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when 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. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

F. Proprietary Fund Financial Statements

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

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses, if any, are reported as non-operating expenses.

G. Measurement Focus and Basis of Accounting

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to Regional Office of Education #47; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #47 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #47's policy to first apply restricted funds, then unrestricted funds as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #47 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows or resources, fund balances, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Regional Office of Education #47 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #47 has presented all major funds that met the above qualifications.

The Regional Office of Education #47 reports the following major 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:

Local Fund – to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

E-Rate – to account for monies received through the E-Rate program that are used to help ensure that schools and libraries can obtain telecommunications and internet access at affordable rates.

Alternative Learning Opportunity Program – General State Aid (ALOP-GSA) – to account for state aid funds received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program – General State Aid (RSSP-GSA) – to account for the state aid funds received for, and payment of, the expenditures relating to the Regional Safe Schools Program – General State Aid.

Major 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 or capital projects. Major special revenue funds include the following:

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Early Childhood Block Grant – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Prevention Initiative program.

Preschool for All – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Preschool for All Children Program.

Parents as Teachers – this program supports the Early Childhood Block program.

Adult Education and Family Literacy Grant – to account for grant monies received for education and literacy programs for adults.

Education Outreach Program – this program is associated with workforce investment activities that are designed to increase educational and occupational skill attainment by participants.

Foundation Level Services – to account for grant monies received for, and payment of, expenditures relating to the Title I School Improvement and Accountability Part A – Statewide System of Support program. This fund supports the improvement of basic programs operated by the Regional Office of Education #47 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch lists.

IDEA Improvement Grant, Part D – to account for grant monies passed through the Illinois State Board of Education (ISBE) received for, and payment of expenditures relating to the Individuals with Disabilities Education Act (IDEA) – Response to Intervention program, which provides a statewide network for technical assistance and professional development.

Math & Science Partnership – Math Area Partner – to account for grant funds for math professional development from the Illinois Math and Science Partnerships.

Math & Science Partnership – Science Area Partner – to account for grant funds for science professional development from the Illinois Math and Science Partnerships.

McKinney Education for Homeless Children – to account for grant monies associated with a federal program designed to provide counseling and education support to homeless children and their families. This program is funded by the Stewart B. McKinney Education for Homeless Children and Youth grant and passed through the ISBE.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

National School Lunch – to account for federal grant monies passed through the ISBE under the National School Lunch Program to provide lunch to students enrolled in the Regional Office of Education #47's alternative education programs.

School Breakfast Program – to account for federal grant monies passed through the ISBE under the School Breakfast Program to provide breakfast to students enrolled in the Regional Office of Education #47's alternative education programs.

State Free Lunch and Breakfast – to account for monies used to provide breakfast and lunch to students who qualify for free lunch and breakfast and are enrolled in the Regional Office of Education #47's alternative education programs.

Regional Safe Schools Program - This program works with students in grades 6-12 who have been suspended multiple times or expelled from school, allowing them to continue their education. It provides instruction services and materials for the alternative school program for at-risk youth, creating alternative placement for those students into a safe school program.

ROE Operations – to account for the funding of the Regional Office of Education #47 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and federal mandates.

Rural Education Achievement Program – to account for the grant monies received for, and payment of, expenditures relating to the federal Small, Rural School Achievement Program.

Title II Teacher Quality Leadership – to account for grant funds to provide leadership workshops and resources for hiring, retaining, and recruiting highly qualified teachers and for training teachers and paraprofessionals. Funds are focused on districts/schools which were in status.

Sterling Truants Alternative Program – to account for funds received to assist in prevention of truancy within the Alternative School in the Sterling area.

Truants Alternative Program – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #47. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Institute – This major fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' licenses. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of licenses as well as any expenses incidental to teachers' institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Training – to account for State and local resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

General Education Development – to account for proceeds earned from students who participate in the high school equivalence program. These proceeds are used to pay the administrative expenses incurred to administer the GED program.

Proprietary Funds

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #47 reports the following enterprise funds:

Major Proprietary Fund – The Regional Office of Education #47 reports the following proprietary fund as a major fund:

School Improvement Plan (SIP) – to account for monies received from school districts held for expenses relating to their school improvement plans.

Nonmajor Proprietary Fund – The Regional Office of Education #47 reports the following nonmajor proprietary funds:

Workshops – to account for workshops associated with various grant programs.

Fingerprinting – to account for resources accumulated for, and payment of, expenses of providing criminal background checks.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #47 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include the following:

Impact Fees – to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

Petitions Fund – to account for the receipts and disbursements related to petitions filed for annexation or detachment of school district boundaries. The Regional Superintendent, as agent, remits the fees collected to the appropriate agencies.

Distributive Fund – to account for the distribution of monies received from the State out to the school districts and other entities.

School Facility Occupation Tax – to account for the distribution of School Facility Occupation Tax monies received from the Illinois Department of Revenue to the applicable school districts and other entities.

I. Governmental Fund Balances

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

Nonspendable Fund Balance – The portion of a governmental fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Fund accounts have nonspendable fund balances: Local Fund and ALOP-GSA.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, and Institute. The following Education Fund accounts have a restricted fund balance: Parents as Teachers, Adult Education and Family Literacy Grant, School Breakfast Program, and State Free Lunch and Breakfast.

Committed Fund Balance – The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #47 has no committed fund balances.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts that have an assigned fund balance.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances (deficits): Local Fund, E-Rate, ALOP-GSA, and RSSP-GSA. The following Education Fund accounts have an unassigned fund deficit: Early Childhood Block Grant (FY18), Preschool for All (FY18), McKinney Education for Homeless Children, National School Lunch, Regional Safe Schools Program, and Truants Alternative Education.

J. Net Position

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

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

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #47 considers all liquid investments, including certificates of deposit, to be cash equivalents.

L. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and estimated useful lives in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5-7 years.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Impairment of Long-Lived Assets

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

N. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

O. Deferred Outflows of Resources

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

P. Pensions

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

Q. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education #47's Plan. For this purpose, the Regional Office of Education #47's Plan recognizes benefit payments when due and payable in accordance with benefit terms.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Inflows of Resources

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

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of components of the net pension liability and OPEB liability that will reduce pension and OPEB expense in future years.

S. Unearned Revenue

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

T. Compensated Absences

Full-time employees can earn from 10 to 15 vacation days for a full year of service. Employee vacation pay is recorded when paid. Upon termination, employees can receive accrued vacation pay. However, vacation time cannot be carried forward into the next calendar year, so no accrued vacation liability is recorded.

An employee working 20 hours or more per week is entitled to ten sick days annually. Employee sick leave is recorded when paid. Unused sick days may be allowed to accumulate to a maximum amount allowable by TRS or IMRF without penalty. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

An employee working 20 hours or more per week is entitled to two personal leave days per year. Personal leave days do not accumulate from year to year, but unused leave days will be allowed to accumulate toward the sick leave accumulation maximum.

U. Revenue from Federal and State Grants

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

V. Estimates

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

W. Budget Information

The Regional Office of Education #47 acts as the administrative agent for certain grant programs that are accounted for within the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Early Childhood Block Grant, Preschool for All, Education Outreach Program, Foundation Level Services, IDEA Improvement Grants, Part D, Math & Science Partnership-Math Area Partner, Math & Science Partnership-Science Area Partner, McKinney Education for Homeless Children, Regional Safe Schools Program, ROE Operations, Title II Teacher Quality Leadership, and Truants Alternative Education.

X. Long-Term Obligations

Long-term liabilities, summarized in Note 17, are reported only on the Statement of Net Position and consist of pension and OPEB liabilities, discussed in Notes 3, 4, and 5, and capital leases, discussed in Note 14.

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education #47's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office of Education #47 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.

A. Cash Deposits

At June 30, 2018, the carrying amount of the Regional Office of Education #47's government-wide and fiduciary fund deposits were \$949,649 and \$638,945, respectively, and the bank balances were \$1,106,834 and \$638,984, respectively. The bank balances include \$707,326 held on deposit with the Bloom Township School Treasurer. At June 30, 2018, all of the Regional Office of Education #47's cash deposits were insured by the Federal Deposit Insurance Corporation. Risk category was not determinable for the amount pooled and held on deposit with a separate legal governmental agency (Bloom Township School Treasurer).

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

A. Cash Deposits (Concluded)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #47's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #47.

B. Investments

The Regional Office of Education #47's investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2018, the Regional Office of Education #47 had investments with carrying and fair values of \$72,476 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2018, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 3: DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #47's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #47's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	18
Inactive Plan Members entitled to but not yet receiving benefits	47
Active Plan Members	23
Total	88

Contributions

As set by statute, the Regional Office of Education #47's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #47's annual contribution rate for calendar year 2017 was 10.21%. For the fiscal year ended June 30, 2018, the Regional Office of Education #47 contributed \$64,489 to the plan. The Regional Office of Education #47 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 (Asset)

The Regional Office of Education #47's net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- 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 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustment to match current IMRF experience.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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 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, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Fixed Income	28.00%	3.00%
Real Estate	9.00%	5.75%
Alternatives	7.00%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash Equivalents	1.00%	2.25%
Total	100.00%	

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 3.31%, and the resulting single discount rate is 7.50%.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 2,679,607	\$ 2,586,246	\$ 93,361
Changes for the year:			
Service Cost	79,975	-	79,975
Interest on the Total Pension Liability	201,066	-	201,066
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	6,547	-	6,547
Changes of Assumptions	(70,659)	-	(70,659)
Contributions - Employer	-	72,293	(72,293)
Contributions - Employees	-	37,146	(37,146)
Net Investment Income	-	415,873	(415,873)
Benefit Payments, including Refunds of Employee Contributions	(79,142)	(79,142)	-
Other (Net Transfer)	-	(2,252)	2,252
Net Changes	137,787	443,918	(306,131)
Balances at December 31, 2017	\$ 2,817,394	\$ 3,030,164	\$ (212,770)

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability (Asset)	\$ 174,914	\$ (212,770)	\$ (528,135)

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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

For the year ending June 30, 2018, the Regional Office of Education #47 recognized pension expense of \$66,919. At June 30, 2018, the Regional Office of Education #47 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 33,517	\$ -
Changes of assumptions	-	44,594
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>193,315</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>33,517</u>	<u>237,909</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>	<u>30,223</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 63,740</u>	<u>\$ 237,909</u>

\$30,223 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, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ (23,397)
2019	(65,379)
2020	(71,021)
2021	(44,595)
2022	-
Thereafter	-
Total	<u>\$ (204,392)</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #47 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 <https://trsil.org/financial/cafrs/fy2017>; 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 systems services 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 retirements, 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.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

Contributions

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Contributions (Concluded)

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, 2017, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #47.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #47. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #47 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education #47, and the Regional Office of Education #47 recognized revenue and expenditures of \$731,258 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, 2018 were \$4,925, and are deferred because they were paid after the June 30, 2017 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #47, there is a statutory requirement for the Regional Office of Education #47 to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same as the State contribution rate to TRS and were much higher.

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$471,494 were paid from federal and special trust funds that required employer contributions of \$47,621. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #47 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, 2018, the Regional Office of Education #47 paid no employer ERO contributions to TRS.

The Regional Office of Education #47 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, 2018, the Regional Office of Education #47 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

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

At June 30, 2018, the Regional Office of Education #47 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 3,529,021
State's proportionate share of the net pension liability associated with the employer	<u>7,430,340</u>
Total	<u>\$ 10,959,361</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Regional Office of Education #47's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017 relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education #47's proportion was 0.0046192500 percent, which was a decrease of .0008616160 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education #47 recognized pension expense of \$731,258 and revenue of \$731,258 for support provided by the State. For the year ended June 30, 2018, the Regional Office of Education #47 recognized pension expense of \$614,847. At June 30, 2018, the Regional Office of Education #47 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,329	\$ 1,629
Net difference between projected and actual earnings on pension plan investments	2,421	-
Change of assumptions	235,537	101,408
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,070,821	993,202
Employer contributions subsequent to the measurement date	<u>52,546</u>	<u>-</u>
Total	<u>\$ 2,399,654</u>	<u>\$ 1,096,239</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

\$52,546 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office as a reduction of their net pension liabilities in the reporting year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in these Regional Offices' pension expense as follows:

Year Ending June 30,	
2019	\$ 327,209
2020	413,235
2021	367,995
2022	128,967
2023	13,463
Total	\$ 1,250,869

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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 weighing 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:

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Actuarial Assumptions (Concluded)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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. Bond Core	10.7%	2.44%
International Debt Developed	5.3%	1.70%
Real Estate	15%	5.44%
Commodities (Real Return)	11%	4.28%
Hedge Funds (Absolute Return)	8%	4.16%
Private Equity	14%	10.63%
Total	100%	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was 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. All projected future payments were covered, so the 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, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarial-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the Regional Office of Education #47's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Regional Office of Education #47's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

Sensitivity of the Regional Office of Education #47's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Concluded)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 4,335,863	\$ 3,529,021	\$ 2,868,150

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS

THIS Plan Description

The Regional Office of Education #47 participates in the Teacher Health Insurance Security (THIS) Fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required 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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONTINUED)

On Behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #47. For the year ended June 30, 2018, State of Illinois contributions recognized by the Regional Office of Education #47 were based on the State's proportionate share of the collective net OPEB liability associated with the Regional Office of Education #47, and the Regional Office of Education #47 recognized revenue and expenditures of \$105,492 in OPEB contributions from the State of Illinois.

Employer Contributions to THIS Fund

The Regional Office of Education #47 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education #47 paid \$7,473 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and June 30, 2016, the Regional Office of Education #47 paid \$8,430 and \$7,468 to the THIS Fund, respectively, which was 100% of the required contribution.

Further Information on THIS Fund

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONTINUED)

Actuarial Assumptions (Concluded)

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the Regional Office of Education #47's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 1,358,298	\$ 1,132,093	\$ 950,782

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONTINUED)

Sensitivity of the Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the Regional Office of Education #47’s collective net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease^a	Healthcare Cost Trend Rate	1% Increase^b
Employer’s proportionate share of the collective net OPEB liability	\$ 913,576	\$ 1,132,093	\$ 1,445,317

^a One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Regional Office of Education #47 reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education #47. The amount recognized by the Regional Office of Education #47 as its proportionate share of the collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the Regional Office of Education #47 were as follow:

Employer’s proportionate share of the collective net OPEB liability	\$ 1,132,093
State’s proportionate share of the collective net OPEB liability associated with the employer	<u>1,486,657</u>
Total	<u>\$ 2,618,750</u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education #47’s proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education #47’s long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education #47, actuarially determined.

At June 30, 2017, the Regional Office of Education #47’s proportion was 0.004362 percent, which was an increase of 0.000354 from its proportion measured as of June 30, 2016 (0.004008 percent). The State’s support and total are for disclosure purposes only.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONCLUDED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

For the year ending June 30, 2018, the Regional Office of Education #47 recognized OPEB expense of \$105,492 and revenue of \$105,492 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education #47 recognized OPEB expense of \$96,966. At June 30, 2018, the Regional Office of Education #47 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 641
Change of assumptions	-	134,791
Net difference between projected and actual earnings on OPEB plan investments	-	12
Changes in proportion and differences between employer contributions and proportionate share of contributions	83,441	-
Employer contributions subsequent to the measurement date	7,473	-
Total	\$ 90,914	\$ 135,444

\$7,473 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education #47 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education #47's OPEB expense as follows:

Year Ending June 30,	Net Deferred (Inflows) Outflows of Resources
2019	\$ (8,050)
2020	(8,050)
2021	(8,050)
2022	(8,050)
2023	(8,047)
Thereafter	(11,756)
Total	\$ (52,003)

THIS Fiduciary Net Position

Detailed information about the THIS Fund fiduciary net position as of June 30, 2017, is available in the separately issued THIS Financial Report.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 6: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #47 has funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund		
Local Governments	\$	62,143
Special Revenue Fund – Education Fund		
Illinois State Board of Education		486,940
Local Governments		37,205
Proprietary Fund – SIP		
Local Governments		1,200
Nonmajor Proprietary Fund – Workshops		
Local Governments		16,853
Nonmajor Proprietary Fund – Fingerprinting		
Local Governments		5,257
Fiduciary Fund – Agency Funds		
Illinois Department of Revenue		1,806,792
Total	\$	<u>2,416,390</u>

Due to Other Governmental Units:

Special Revenue Fund – Education Fund		
Local Governments	\$	229,810
Illinois State Board of Education		2,579
Fiduciary Fund – Agency Funds		
Local Governments		2,445,737
Total	\$	<u>2,678,126</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2018 consist of the following individual due to / from other funds in the governmental fund Balance Sheet. The interfund loan balances between governmental funds are eliminated in the government-wide Statement of Net Position. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

Fund	Due From Other Funds	Due to Other Funds
General Fund		
Local Fund	\$ 350,043	\$ -
E-Rate	-	27,712
Education Fund		
Early Childhood Block Grant (FY18)	-	18,930
Preschool for All (FY18)	-	40,963
Education Outreach Program	-	23,405
Foundation Level Services	-	16,009
IDEA Improvement Grants, Part D	-	146,551
National School Lunch	-	2,567
McKinney Education for Homeless Children	-	24,418
Regional Safe Schools Program	-	18,397
Truants Alternative Education	-	31,091
	<u>\$ 350,043</u>	<u>\$ 350,043</u>

NOTE 8: TRANSFERS

Interfund transfers in / out to other funds at June 30, 2018 consist of the following individual transfers in / out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities. The purpose of interfund transfers was to cover permanent shortfalls in cash flow within grant programs and funds.

Fund	Transfers In	Transfers Out
General Fund		
Local Fund	\$ -	\$ 33,744
Education Fund		
Early Childhood Block Grant (FY17)	1	-
Preschool for All (FY17)	1	-
IDEA Improvement Grants, Part D	29,541	-
Math & Science Partnership-Math Area Partner (FY17)	2	-
Math & Science Partnership-Science Area Partner (FY17)	752	-
McKinney Education for Homeless Children	2	-
Regional Safe Schools Program	449	-
ROE Operations	2,523	-
Truants Alternative Education	473	-
	<u>\$ 33,744</u>	<u>\$ 33,744</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 9: CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #47 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets for the year ended June 30, 2018:

<u>Governmental Activities:</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital Assets Being Depreciated				
Land Improvements	\$ 167,022	\$ -	\$ -	\$ 167,022
Equipment	388,040	16,877	(24,774)	380,143
Total	555,062	16,877	(24,774)	547,165
Less: Accumulated Depreciation	(441,532)	(15,084)	24,774	(431,842)
Investment in Capital Assets, Net	<u>\$ 113,530</u>	<u>\$ 1,793</u>	<u>\$ -</u>	<u>\$ 115,323</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$15,084 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2018. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

Included in the capital asset activity above are assets under lease-purchase agreements. The gross amount of equipment assets recorded under lease-purchase agreements totaled \$22,039. The accumulated depreciation for these leased equipment assets totaled \$5,099.

NOTE 10: DISTRIBUTIVE FUND INTEREST

The school district boards within Lee, Ogle, and Whiteside Counties Regional Office of Education #47 have signed formal agreements that allow Lee, Ogle, and Whiteside Counties Regional Office of Education #47 to retain any interest earned during the year.

NOTE 11: RISK MANAGEMENT

The Regional Office of Education #47 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #47 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 12: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 12: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONCLUDED)

The following funds/fund accounts had deficit fund balances at June 30, 2018:

General Fund		
E-Rate	\$	24,026
Education Fund		
Early Childhood Block Grant (FY18)	\$	4,072
Preschool for All (FY18)	\$	24,042
McKinney Education for Homeless Children	\$	4,079
National School Lunch	\$	2,567
Regional Safe Schools Program	\$	9,119
Truants Alternative Education	\$	15,547
Enterprise Fund		
School Improvement Plan (SIP)	\$	71,893

The Regional Office of Education #47 will monitor expenses within these programs during the course of the subsequent fiscal year.

NOTE 13: CONTINGENCIES

The Regional Office of Education #47 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #47 believes any adjustments that may arise will be insignificant to the Regional Office of Education #47's operations.

NOTE 14: CAPITAL LEASES

The Regional Office of Education #47 has entered into lease agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

Future minimum lease obligations and the net present value of these lease payments as of June 30, 2018 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 4,565
2020	3,574
2021	3,375
2022	3,375
2023	<u>3,094</u>
Total minimum lease payments	17,983
Less: amount representing interest	<u>(49)</u>
Present value of minimum lease payments	<u>\$ 17,934</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 15: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #47:

Regional Superintendent Salary	\$	115,176
Regional Superintendent Fringe Benefits (Includes State paid insurance)		27,254
Assistant Regional Superintendent Salary		103,656
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		<u>6,585</u>
 Total	 \$	 <u><u>252,671</u></u>

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

Regional Office of Education #47 also recorded \$836,750 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense and Teachers' Health Insurance Security (THIS) OPEB expense in the Statement of Activities. In addition, the Regional Office of Education #47 has not included any on-behalf payments related to the State's TRS pension expense or THIS OPEB expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	252,671
ROE #47's share of TRS pension expense		731,258
ROE #47's share of THIS OPEB expense		<u>105,492</u>
Total	\$	<u><u>1,089,421</u></u>

Lee and Ogle Counties provide the Regional Office of Education #47 with staff on behalf of the Regional Office of Education #47. These amounts have been recorded in the accompanying governmental fund financial statements as local revenue and expenditures. The expenditures paid on Regional Office of Education #47's behalf for the year ended June 30, 2018 were as follows:

Salaries and Benefits	\$	<u><u>172,023</u></u>
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**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 16: OPERATING LEASES

On July 1, 2015, the Regional Office of Education #47 entered into an agreement for the lease of a school building. The lease agreement is for the period of July 1, 2015 through June 30, 2019. Rent is \$1,800 per month for the period July 1, 2017 through June 30, 2018 and \$2,000 per month for the period July 1, 2018 through June 30, 2019. Lease expense for the building in fiscal year 2018 was \$21,600. Also on July 1, 2015, the Regional Office of Education #47 entered into an agreement for the lease of a second school building. The lease agreement is for the period of July 1, 2015 through June 30, 2018 and requires annual lease payments of \$22,000 per year. Lease expense under this agreement was \$22,000 for fiscal year 2018. The Regional Office of Education #47 also has operating leases on month-to-month agreements. Rent expense under these agreements totaled \$29,320 during fiscal year 2018.

Future minimum lease payments are as follows:

Year Ended June 30,	
2019	\$ 24,000
Total	<u>\$ 24,000</u>

NOTE 17: NONCURRENT LIABILITIES

Changes in noncurrent liabilities during the fiscal year were as follows:

	Balance July 1, 2017, as Restated	Additions	Deletions	Balance June 30, 2018	Balance Due Within One Year
Net pension liability - TRS	\$ 2,966,127	\$ 562,894	\$ -	\$ 3,529,021	\$ -
Net pension liability - IMRF	93,361	-	93,361	-	-
Total net pension liability	<u>3,059,488</u>	<u>562,894</u>	<u>93,361</u>	<u>3,529,021</u>	<u>-</u>
Net OPEB liability - THIS	<u>1,095,560</u>	<u>36,533</u>	<u>-</u>	<u>1,132,093</u>	<u>-</u>
Capital leases payable	<u>5,047</u>	<u>16,877</u>	<u>3,990</u>	<u>17,934</u>	<u>4,516</u>
Total noncurrent liabilities	<u>\$ 4,160,095</u>	<u>\$ 616,304</u>	<u>\$ 97,351</u>	<u>\$ 4,679,048</u>	<u>\$ 4,516</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 18: PRIOR PERIOD RESTATEMENT

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented during fiscal year 2018. The implementation of GASB Statement No. 75 establishes standards for measuring and recognizing OPEB liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net OPEB liability. Beginning net position for governmental activities was restated to retroactively report the beginning net OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

	Governmental Activities Net Position	Business-Type Activities Net Position	Total Net Position
Net position, July 1, 2017, as previously reported	\$ (415,361)	\$ 152,775	\$ (262,586)
Net OPEB liability at July 1, 2017	(1,085,700)	(9,860)	(1,095,560)
Change in deferred outflows of resources related to contributions made after the June 30, 2016 measurement date	8,354	76	8,430
Net position, July 1, 2017, as restated	<u>\$ (1,492,707)</u>	<u>\$ 142,991</u>	<u>\$ (1,349,716)</u>

NOTE 19: EFFECT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the Regional Office of Education #47 is likely to be determined by factors which are uncertain, unpredictable, and outside of the control of the Regional Office of Education #47. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely affect future revenues.

REQUIRED SUPPLEMENTARY INFORMATION

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST FOUR CALENDAR YEARS**

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 79,975	\$ 68,303	\$ 30,034	\$ 82,555
Interest on the Total Pension Liability	201,066	180,344	52,915	160,586
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	6,547	103,336	99,871	(80,230)
Changes of Assumptions	(70,659)	-	-	73,750
Benefit Payments, including Refunds of Employee Contributions	(79,142)	(83,900)	(69,208)	(75,296)
Net Change in Total Pension Liability	<u>137,787</u>	<u>268,083</u>	<u>113,612</u>	<u>161,365</u>
Total Pension Liability - Beginning	<u>2,679,607</u>	<u>2,411,524</u>	<u>2,297,912</u>	<u>2,136,547</u>
Total Pension Liability - Ending (A)	<u>\$ 2,817,394</u>	<u>\$ 2,679,607</u>	<u>\$ 2,411,524</u>	<u>\$ 2,297,912</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 72,293	\$ 113,841	\$ 84,571	\$ 94,793
Contributions - Employees	37,146	35,370	33,261	35,963
Net Investment Income	415,873	296,674	(19,016)	104,875
Benefit Payments, including Refunds of Employee Contributions	(79,142)	(83,900)	(69,208)	(75,296)
Other (Net Transfer)	(2,252)	(2,741)	2,676	(1,385)
Net Change in Plan Fiduciary Net Position	<u>443,918</u>	<u>359,244</u>	<u>32,284</u>	<u>158,950</u>
Plan Fiduciary Net Position - Beginning	<u>2,586,246</u>	<u>2,227,002</u>	<u>2,194,718</u>	<u>2,035,768</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 3,030,164</u>	<u>\$ 2,586,246</u>	<u>\$ 2,227,002</u>	<u>\$ 2,194,718</u>
Net Pension Liability (Asset) - Ending (A) - (B)	<u>\$ (212,770)</u>	<u>\$ 93,361</u>	<u>\$ 184,522</u>	<u>\$ 103,194</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.55%	96.52%	92.35%	95.51%
Covered Payroll	\$ 708,057	\$ 670,436	\$ 628,080	\$ 689,529
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-30.05%	13.93%	29.38%	14.97%

Notes to Schedule

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FOUR FISCAL YEARS**

(a) Fiscal Year Ended June 30,	(a) Actuarially Determined Contribution	(a) Actual Contribution	(a) Contribution Deficiency (Excess)	(a) Covered Payroll	(a) Actual Contribution as a Percentage of Covered Payroll
2015	\$ 41,377	\$ 41,377	\$ -	\$ 283,464	14.60%
2016	\$ 107,191	\$ 107,191	-	\$ 680,376	15.75%
2017	\$ 91,691	\$ 91,691	-	\$ 714,490	12.83%
2018	\$ 64,489	\$ 64,489	-	\$ 688,272	9.37%

(a) These amounts have been converted from IMRF's calendar year to the entity's fiscal year end utilizing information from the entity's records and therefore will not agree to the IMRF actuarial report issued on April 6, 2018 for the period ended December 31, 2017.

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 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 2017 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>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; no explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, 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 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 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 2012). 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, 2015, actuarial valuation; note two-year lag between valuation and rate setting.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY†
Teachers' Retirement System of the State of Illinois**

	<u>FY2017*</u>	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
Employer's proportion of the net pension liability	0.0046192500%	0.0037576340%	0.0069261879%	0.0020245607%
Employer's proportionate share of the net pension liability	\$ 3,529,021	\$ 2,966,127	\$ 1,480,881	\$ 1,232,112
State's proportionate share of the net pension liability associated with the employer	7,430,340	4,452,492	4,373,766	7,355,833
Total	<u>\$ 10,959,361</u>	<u>\$ 7,418,619</u>	<u>\$ 5,854,647</u>	<u>\$ 8,587,945</u>
Employer's covered payroll	\$ 1,003,547	\$ 933,497	\$ 797,845	\$ 742,779
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	351.7%	317.7%	185.6%	165.9%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43.0%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS†
Teachers' Retirement System of the State of Illinois**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Statutorily-required contribution	\$ 52,546	\$ 190,311	\$ 142,932	\$ 78,533	\$ 69,684
Contributions in relation to the statutorily-required contribution	52,546	190,311	139,505	81,762	72,235
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,427</u>	<u>\$ (3,229)</u>	<u>\$ (2,551)</u>
Employer's covered payroll	\$ 849,153	\$ 1,003,547	\$ 933,497	\$ 797,845	\$ 742,779
Contributions as a percentage of covered payroll	6.19%	18.96%	14.94%	10.25%	9.72%

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

Notes to Supplementary Information

Changes of assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and 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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY†
Teachers' Health Insurance Security Fund**

	<u>FY2017*</u>	<u>FY2016*</u>
Employer's proportion of the collective net OPEB liability	0.004362%	0.004008%
Employer's proportionate share of the collective net OPEB liability	\$ 1,132,093	\$ 1,095,560
State's proportionate share of the collective net OPEB liability associated with the Employer	1,486,657	1,519,139
Total	<u>\$ 2,618,750</u>	<u>\$ 2,614,699</u>
Employer's covered payroll	\$ 1,003,547	\$ 933,497
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.8%	117.4%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%	-0.22%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS†
Teachers' Health Insurance Security Fund**

	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>
Statutorily-required contribution	\$ 7,473	\$ 8,430	\$ 7,468
Contributions in relation to the statutorily-required contribution	7,473	8,430	7,468
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 849,153	\$ 1,003,547	\$ 933,497
Contributions as a percentage of covered payroll	0.88%	0.84%	0.80%

†The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

Notes to Required Supplementary Information

Changes of Benefit Terms

In the June 30, 2016 actuarial valuation, there have been no changes of benefit terms from the prior period.

Changes of assumptions

Because this is the implementation year of GASB 74/75, the beginning Total OPEB Liability is based on the same assumptions, data, and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB's Liability for GASB 74/75 reporting, there have been no changes in assumptions from the prior period.

SUPPLEMENTAL INFORMATION

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2018**

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Assets					
Cash and cash equivalents	\$ 150,914	\$ -	\$ 95,277	\$ 185,587	\$ 431,778
Due from other funds	350,043	-	-	-	350,043
Due from other governments	29,171	3,686	29,286	-	62,143
Prepaid expenses	2,000	-	23,290	-	25,290
Total Assets	<u>532,128</u>	<u>3,686</u>	<u>147,853</u>	<u>185,587</u>	<u>869,254</u>
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 532,128</u>	<u>\$ 3,686</u>	<u>\$ 147,853</u>	<u>\$ 185,587</u>	<u>\$ 869,254</u>
Liabilities					
Due to other funds	\$ -	\$ 27,712	\$ -	\$ -	\$ 27,712
Deferred Inflows of Resources					
Unavailable revenue	<u>29,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,171</u>
Fund Balances (Deficits)					
Nonspendable	2,000	-	23,290	-	25,290
Unassigned	<u>500,957</u>	<u>(24,026)</u>	<u>124,563</u>	<u>185,587</u>	<u>787,081</u>
Total Fund Balances (Deficits)	<u>502,957</u>	<u>(24,026)</u>	<u>147,853</u>	<u>185,587</u>	<u>812,371</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 532,128</u>	<u>\$ 3,686</u>	<u>\$ 147,853</u>	<u>\$ 185,587</u>	<u>\$ 869,254</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2018

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Revenues					
Local sources	\$ 134,230	\$ 7,397	\$ 80,039	\$ -	\$ 221,666
State sources	-	-	325,691	216,024	541,715
Interest	10,358	-	-	-	10,358
On-behalf payments	424,694	-	-	-	424,694
Total Revenues	<u>569,282</u>	<u>7,397</u>	<u>405,730</u>	<u>216,024</u>	<u>1,198,433</u>
Expenditures					
Instructional services					
Salaries	56,123	-	274,506	82,364	412,993
Employee benefits	19,562	-	19,782	7,001	46,345
Pension expense	9,219	-	11,785	3,858	24,862
OPEB expense	1,207	-	1,225	373	2,805
Purchased services	56,290	10,999	40,791	95,790	203,870
Supplies and materials	-	-	10,137	-	10,137
Intergovernmental					
Payments to other governmental units	-	-	9,793	4,193	13,986
Administrative					
On-behalf payments	424,694	-	-	-	424,694
Capital outlay	16,877	-	-	-	16,877
Total Expenditures	<u>583,972</u>	<u>10,999</u>	<u>368,019</u>	<u>193,579</u>	<u>1,156,569</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(14,690)</u>	<u>(3,602)</u>	<u>37,711</u>	<u>22,445</u>	<u>41,864</u>
Other Financing Sources (Uses)					
Proceeds from long-term lease payable	16,877	-	-	-	16,877
Repayment of long-term lease payable	(3,991)	-	-	-	(3,991)
Transfers in	-	-	-	-	-
Transfers out	(33,744)	-	-	-	(33,744)
Total Other Financing Sources (Uses)	<u>(20,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,858)</u>
Net Change in Fund Balances (Deficits)	(35,548)	(3,602)	37,711	22,445	21,006
Fund Balances (Deficits), Beginning of Year	<u>538,505</u>	<u>(20,424)</u>	<u>110,142</u>	<u>163,142</u>	<u>791,365</u>
Fund Balances (Deficits), End of Year	<u>\$ 502,957</u>	<u>\$ (24,026)</u>	<u>\$ 147,853</u>	<u>\$ 185,587</u>	<u>\$ 812,371</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Early Childhood Block Grant (FY18)	Early Childhood Block Grant (FY17)	Preschool for All (FY18)	Preschool for All (FY17)	Parents as Teachers	Adult Education and Family Literacy Grant
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,661	\$ 2,925
Due from other governments	20,424	-	40,963	-	-	-
Total Assets	<u>20,424</u>	<u>-</u>	<u>40,963</u>	<u>-</u>	<u>6,661</u>	<u>2,925</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 20,424</u>	<u>\$ -</u>	<u>\$ 40,963</u>	<u>\$ -</u>	<u>\$ 6,661</u>	<u>\$ 2,925</u>
Liabilities						
Accounts payable	\$ 1,494	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	18,930	-	40,963	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>20,424</u>	<u>-</u>	<u>40,963</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>4,072</u>	<u>-</u>	<u>24,042</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)						
Restricted	-	-	-	-	6,661	2,925
Unassigned	(4,072)	-	(24,042)	-	-	-
Total Fund Balances (Deficits)	<u>(4,072)</u>	<u>-</u>	<u>(24,042)</u>	<u>-</u>	<u>6,661</u>	<u>2,925</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 20,424</u>	<u>\$ -</u>	<u>\$ 40,963</u>	<u>\$ -</u>	<u>\$ 6,661</u>	<u>\$ 2,925</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Education Outreach Program	Foundation Level Services	IDEA Improvement Grants, Part D	Math & Science Partnership - Math Area Partner (FY17)	Math & Science Partnership - Science Area Partner (FY15)	Math & Science Partnership - Science Area Partner (FY17)
Assets						
Cash and cash equivalents	\$ 5,540	\$ -	\$ 29,541	\$ 2,579	\$ 3,568	\$ -
Due from other governments	18,953	18,252	214,462	-	-	-
Total Assets	24,493	18,252	244,003	2,579	3,568	-
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 24,493	\$ 18,252	\$ 244,003	\$ 2,579	\$ 3,568	\$ -
Liabilities						
Accounts payable	\$ 529	\$ 2,243	\$ 9,085	\$ -	\$ -	\$ -
Due to other funds	23,405	16,009	146,551	-	-	-
Due to other governments	559	-	88,367	2,579	3,568	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	24,493	18,252	244,003	2,579	3,568	-
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	-
Fund Balances (Deficits)						
Restricted	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	-	-	-	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 24,493	\$ 18,252	\$ 244,003	\$ 2,579	\$ 3,568	\$ -

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	McKinney Education for Homeless Children	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 4,252	\$ 390	\$ -	\$ -
Due from other governments	161,603	-	-	-	18,397	-
Total Assets	<u>161,603</u>	<u>-</u>	<u>4,252</u>	<u>390</u>	<u>18,397</u>	<u>-</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 161,603</u>	<u>\$ -</u>	<u>\$ 4,252</u>	<u>\$ 390</u>	<u>\$ 18,397</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	24,418	2,567	-	-	18,397	-
Due to other governments	137,185	-	-	131	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>161,603</u>	<u>2,567</u>	<u>-</u>	<u>131</u>	<u>18,397</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	4,079	-	-	-	9,119	-
Fund Balances (Deficits)						
Restricted	-	-	4,252	259	-	-
Unassigned	(4,079)	(2,567)	-	-	(9,119)	-
Total Fund Balances (Deficits)	<u>(4,079)</u>	<u>(2,567)</u>	<u>4,252</u>	<u>259</u>	<u>(9,119)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 161,603</u>	<u>\$ -</u>	<u>\$ 4,252</u>	<u>\$ 390</u>	<u>\$ 18,397</u>	<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Rural Education Achievement Program	Title II Teacher Quality Leadership	Sterling Truants Alternative Program	Truants Alternative Education	Total
Assets					
Cash and cash equivalents	\$ 925	\$ -	\$ 27,991	\$ -	\$ 84,372
Due from other governments	-	-	-	31,091	524,145
Total Assets	<u>925</u>	<u>-</u>	<u>27,991</u>	<u>31,091</u>	<u>608,517</u>
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 925</u>	<u>\$ -</u>	<u>\$ 27,991</u>	<u>\$ 31,091</u>	<u>\$ 608,517</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 13,351
Due to other funds	-	-	-	31,091	322,331
Due to other governments	-	-	-	-	232,389
Unearned revenue	925	-	27,991	-	28,916
Total Liabilities	<u>925</u>	<u>-</u>	<u>27,991</u>	<u>31,091</u>	<u>596,987</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	15,547	56,859
Fund Balances (Deficits)					
Restricted	-	-	-	-	14,097
Unassigned	-	-	-	(15,547)	(59,426)
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,547)</u>	<u>(45,329)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 925</u>	<u>\$ -</u>	<u>\$ 27,991</u>	<u>\$ 31,091</u>	<u>\$ 608,517</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2018

	Early Childhood Block Grant (FY18)	Early Childhood Block Grant (FY17)	Preschool for All (FY18)	Preschool for All (FY17)	Parents as Teachers	Adult Education and Family Literacy Grant
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 705	\$ -
State sources	179,869	65,415	186,131	70,690	-	4,000
Federal sources	-	-	-	-	-	-
Total Revenues	<u>179,869</u>	<u>65,415</u>	<u>186,131</u>	<u>70,690</u>	<u>705</u>	<u>4,000</u>
Expenditures						
Instructional services						
Salaries	136,981	25,295	83,219	12,876	-	3,899
Employee benefits	10,007	1,839	6,421	937	-	57
Pension expense	12,690	2,583	5,855	1,124	-	-
OPEB expense	-	-	271	23	-	-
Purchased services	15,152	8,055	30,395	5,112	905	41
Supplies and materials	9,111	4,449	16,310	3,945	62	-
Intergovernmental						
Payments to other governmental units	-	-	67,702	-	-	-
Total Expenditures	<u>183,941</u>	<u>42,221</u>	<u>210,173</u>	<u>24,017</u>	<u>967</u>	<u>3,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,072)</u>	<u>23,194</u>	<u>(24,042)</u>	<u>46,673</u>	<u>(262)</u>	<u>3</u>
Other Financing Sources (Uses)						
Transfers in	-	1	-	1	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances (Deficits)	(4,072)	23,195	(24,042)	46,674	(262)	3
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>(23,195)</u>	<u>-</u>	<u>(46,674)</u>	<u>6,923</u>	<u>2,922</u>
Fund Balances (Deficits), End of Year	<u>\$ (4,072)</u>	<u>\$ -</u>	<u>\$ (24,042)</u>	<u>\$ -</u>	<u>\$ 6,661</u>	<u>\$ 2,925</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2018

	Education Outreach Program	Foundation Level Services	IDEA Improvement Grants, Part D	Math & Science Partnership - Math Area Partner (FY17)	Math & Science Partnership - Science Area Partner (FY15)	Math & Science Partnership - Science Area Partner (FY17)
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	162,760	83,934	1,190,605	116,395	-	113,709
Total Revenues	<u>162,760</u>	<u>83,934</u>	<u>1,190,605</u>	<u>116,395</u>	<u>-</u>	<u>113,709</u>
Expenditures						
Instructional services						
Salaries	99,462	52,359	355,423	11,703	-	11,497
Employee benefits	7,471	5,935	71,732	2,331	-	3,792
Pension expense	8,384	4,068	22,114	836	-	2,417
OPEB expense	73	388	2,762	74	-	321
Purchased services	42,923	20,823	153,497	88,731	-	87,347
Supplies and materials	4,447	361	5,732	4,722	-	1,687
Intergovernmental						
Payments to other governmental units	-	-	608,886	8,000	-	7,400
Total Expenditures	<u>162,760</u>	<u>83,934</u>	<u>1,220,146</u>	<u>116,397</u>	<u>-</u>	<u>114,461</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(29,541)</u>	<u>(2)</u>	<u>-</u>	<u>(752)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	29,541	2	-	752
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>29,541</u>	<u>2</u>	<u>-</u>	<u>752</u>
Net Change in Fund Balances (Deficits)	-	-	-	-	-	-
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2018

	McKinney Education for Homeless Children	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	353	130,286	127,676
Federal sources	397,677	13,793	6,444	-	-	-
Total Revenues	<u>397,677</u>	<u>13,793</u>	<u>6,444</u>	<u>353</u>	<u>130,286</u>	<u>127,676</u>
Expenditures						
Instructional services						
Salaries	53,908	-	-	-	35,200	110,925
Employee benefits	4,124	-	-	-	3,161	9,335
Pension expense	5,064	-	-	-	1,665	6,524
OPEB expense	-	-	-	-	238	282
Purchased services	94,490	-	6,720	84	4,043	1,830
Supplies and materials	4,222	-	-	-	2,000	1,379
Intergovernmental						
Payments to other governmental units	213,833	17,801	-	-	42,310	-
Total Expenditures	<u>375,641</u>	<u>17,801</u>	<u>6,720</u>	<u>84</u>	<u>88,617</u>	<u>130,275</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>22,036</u>	<u>(4,008)</u>	<u>(276)</u>	<u>269</u>	<u>41,669</u>	<u>(2,599)</u>
Other Financing Sources (Uses)						
Transfers in	2	-	-	-	449	2,523
Total Other Financing Sources (Uses)	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>2,523</u>
Net Change in Fund Balances (Deficits)	22,038	(4,008)	(276)	269	42,118	(76)
Fund Balances (Deficits), Beginning of Year	<u>(26,117)</u>	<u>1,441</u>	<u>4,528</u>	<u>(10)</u>	<u>(51,237)</u>	<u>76</u>
Fund Balances (Deficits), End of Year	<u>\$ (4,079)</u>	<u>\$ (2,567)</u>	<u>\$ 4,252</u>	<u>\$ 259</u>	<u>\$ (9,119)</u>	<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2018

	Rural Education Achievement Program	Title II Teacher Quality Leadership	Sterling Truants Alternative Program	Truants Alternative Education	Total
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 705
State sources	-	-	18,074	247,861	1,030,355
Federal sources	4,109	2,213	-	-	2,091,639
Total Revenues	<u>4,109</u>	<u>2,213</u>	<u>18,074</u>	<u>247,861</u>	<u>3,122,699</u>
Expenditures					
Instructional services					
Salaries	-	-	15,784	133,667	1,142,198
Employee benefits	-	-	1,208	10,226	138,576
Pension expense	-	-	1,469	12,317	87,110
OPEB expense	-	-	-	-	4,432
Purchased services	4,109	2,213	1,126	15,261	582,857
Supplies and materials	-	-	-	2,706	61,133
Intergovernmental					
Payments to other governmental units	-	-	-	-	965,932
Total Expenditures	<u>4,109</u>	<u>2,213</u>	<u>19,587</u>	<u>174,177</u>	<u>2,982,238</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1,513)</u>	<u>73,684</u>	<u>140,461</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	473	33,744
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>473</u>	<u>33,744</u>
Net Change in Fund Balances (Deficits)					
	-	-	(1,513)	74,157	174,205
Fund Balances (Deficits), Beginning of Year					
	<u>-</u>	<u>-</u>	<u>1,513</u>	<u>(89,704)</u>	<u>(219,534)</u>
Fund Balances (Deficits), End of Year					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,547)</u>	<u>\$ (45,329)</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to August 31, 2018)
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT (FY18)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 228,925	\$ 233,925	\$ 179,869
Total Revenues	<u>228,925</u>	<u>233,925</u>	<u>179,869</u>
Expenditures			
Instructional services			
Salaries	168,902	168,902	136,981
Employee benefits	28,788	28,788	10,007
Pension expense	-	-	12,690
Purchased services	25,412	22,562	15,152
Supplies and materials	5,823	13,673	9,111
Total Expenditures	<u>228,925</u>	<u>233,925</u>	<u>183,941</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(4,072)
Fund Balance (Deficit), Beginning of Year			<u>-</u>
Fund Balance (Deficit), End of Year			<u>\$ (4,072)</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT (FY17)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 228,925	\$ 228,925	\$ 65,415
Total Revenues	<u>228,925</u>	<u>228,925</u>	<u>65,415</u>
Expenditures			
Instructional services			
Salaries	161,077	161,137	25,295
Employee benefits	32,640	32,648	1,839
Pension expense	-	-	2,583
Purchased services	31,065	29,066	8,055
Supplies and materials	4,143	6,074	4,449
Total Expenditures	<u>228,925</u>	<u>228,925</u>	<u>42,221</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	23,194
Other Financing Sources (Uses):			
Transfers in	-	-	1
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	23,195
Fund Balance, Beginning of Year			<u>(23,195)</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to August 31, 2018)
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL (FY18)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 236,900	\$ 236,900	\$ 186,131
Total Revenues	<u>236,900</u>	<u>236,900</u>	<u>186,131</u>
Expenditures			
Instructional services			
Salaries	88,020	88,020	83,219
Employee benefits	13,982	13,982	6,421
Pension expense	-	-	5,855
OPEB expense	-	-	271
Purchased services	36,948	36,948	30,395
Supplies and materials	17,950	17,950	16,310
Intergovernmental			
Payments to other governmental units	80,000	80,000	67,702
Total Expenditures	<u>236,900</u>	<u>236,900</u>	<u>210,173</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(24,042)
Fund Balance (Deficit), Beginning of Year			<u>-</u>
Fund Balance (Deficit), End of Year			<u>\$ (24,042)</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL (FY17)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 236,900	\$ 239,900	\$ 70,690
Total Revenues	<u>236,900</u>	<u>239,900</u>	<u>70,690</u>
Expenditures			
Instructional services			
Salaries	156,073	156,962	12,876
Employee benefits	25,625	25,864	937
Pension expense	-	-	1,124
OPEB expense	-	-	23
Purchased services	44,952	44,868	5,112
Supplies and materials	10,250	12,206	3,945
Total Expenditures	<u>236,900</u>	<u>239,900</u>	<u>24,017</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	46,673
Other Financing Sources			
Transfers in	-	-	1
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	46,674
Fund Balance (Deficit), Beginning of Year			<u>(46,674)</u>
Fund Balance (Deficit), End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
EDUCATION OUTREACH PROGRAM
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 192,656	\$ 192,656	\$ 162,760
Total Revenues	<u>192,656</u>	<u>192,656</u>	<u>162,760</u>
Expenditures			
Instructional services			
Salaries	108,641	108,641	99,462
Employee benefits	20,515	20,515	7,471
Pension expense	-	-	8,384
OPEB expense	-	-	73
Purchased services	57,200	57,200	42,923
Supplies and materials	6,300	6,300	4,447
Total Expenditures	<u>192,656</u>	<u>192,656</u>	<u>162,760</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
FOUNDATION LEVEL SERVICES
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 80,000	\$ 105,000	\$ 83,934
Total Revenues	<u>80,000</u>	<u>105,000</u>	<u>83,934</u>
Expenditures			
Instructional services			
Salaries	44,957	61,953	52,359
Employee benefits	15,225	13,154	5,935
Pension expense	-	-	4,068
OPEB expense	-	-	388
Purchased services	19,710	29,188	20,823
Supplies and materials	108	705	361
Total Expenditures	<u>80,000</u>	<u>105,000</u>	<u>83,934</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of September 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D (FY18)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,452,580	\$ 2,452,580	\$ 1,087,517
Total Revenues	<u>2,452,580</u>	<u>2,452,580</u>	<u>1,087,517</u>
Expenditures			
Instructional services			
Salaries	434,133	367,313	343,283
Employee benefits	231,745	189,450	70,046
Pension expense	-	-	14,610
OPEB expense	-	-	2,762
Purchased services	165,702	278,817	136,081
Supplies and materials	9,000	9,000	5,693
Intergovernmental			
Payments to other governmental units	1,607,000	1,607,000	515,042
Capital outlay	5,000	1,000	-
Total Expenditures	<u>2,452,580</u>	<u>2,452,580</u>	<u>1,087,517</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance (Deficit), Beginning of Year			-
Fund Balance (Deficit), End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2016 to September 30, 2017)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D (FY17)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,700,000	\$ 1,700,000	\$ 103,088
Total Revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>103,088</u>
Expenditures			
Instructional services			
Salaries	281,704	253,614	12,140
Employee benefits	135,387	154,609	1,686
Pension expense	-	-	7,504
Purchased services	46,360	281,610	17,416
Supplies and materials	900	1,800	39
Other*	20,995	26,081	-
Intergovernmental			
Payments to other governmental units	1,213,154	981,386	93,844
Capital outlay	1,500	900	-
Total Expenditures	<u>1,700,000</u>	<u>1,700,000</u>	<u>132,629</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(29,541)
Other Financing Sources			
Transfers in	-	-	29,541
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

* Other expenditures are comprised of indirect costs approved on the budget. These indirect costs are allocated to the applicable expenditure function in the actual amounts column.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of September 1, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
MATH & SCIENCE PARTNERSHIP - MATH AREA PARTNER (FY17)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 116,395
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>116,395</u>
Expenditures			
Instructional services			
Salaries	70,032	70,032	11,703
Employee benefits	16,163	16,277	2,331
Pension expense	-	-	836
OPEB expense	-	-	74
Purchased services	128,422	125,734	88,731
Supplies and materials	3,833	8,581	4,722
Intergovernmental			
Payments to other governmental units	31,550	29,376	8,000
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>116,397</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2)
Other Financing Sources			
Transfers in	-	-	2
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of September 1, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
MATH & SCIENCE PARTNERSHIP - SCIENCE AREA PARTNER (FY17)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 113,709
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>113,709</u>
Expenditures			
Instructional services			
Salaries	49,091	49,091	11,497
Employee benefits	25,006	25,367	3,792
Pension expense	-	-	2,417
OPEB expense	-	-	321
Purchased services	141,167	134,283	87,347
Supplies and materials	5,436	6,659	1,687
Intergovernmental			
Payments to other governmental units	29,300	34,600	7,400
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>114,461</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(752)
Other Financing Sources			
Transfers in	-	-	752
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to August 31, 2018)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (FY18)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 287,900	\$ 337,407	\$ 273,944
Total Revenues	<u>287,900</u>	<u>337,407</u>	<u>273,944</u>
Expenditures			
Instructional services			
Salaries	53,560	53,560	44,763
Employee benefits	9,570	9,570	3,424
Pension expense	-	-	4,130
Purchased services	18,838	22,777	8,937
Supplies and materials	5,500	11,500	2,936
Intergovernmental			
Payments to other governmental units	200,432	240,000	213,833
Total Expenditures	<u>287,900</u>	<u>337,407</u>	<u>278,023</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(4,079)
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ (4,079)</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2016 to August 31, 2017)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (FY17)
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 171,611	\$ 290,913	\$ 123,733
Total Revenues	<u>171,611</u>	<u>290,913</u>	<u>123,733</u>
Expenditures			
Instructional services			
Salaries	37,500	37,500	9,145
Employee benefits	9,638	9,636	700
Pension expense	-	-	934
Purchased services	7,475	17,869	85,553
Supplies and materials	1,000	3,973	1,286
Intergovernmental			
Payments to other governmental units	115,998	221,935	-
Total Expenditures	<u>171,611</u>	<u>290,913</u>	<u>97,618</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	26,115
Other Financing Sources (Uses):			
Transfers in	-	-	2
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	26,117
Fund Balance (Deficit), Beginning of Year			<u>(26,117)</u>
Fund Balance (Deficit), End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 86,805	\$ 86,805	\$ 130,286
Total Revenues	<u>86,805</u>	<u>86,805</u>	<u>130,286</u>
Expenditures			
Instructional services			
Salaries	35,000	35,000	35,200
Employee benefits	5,033	5,033	3,161
Pension expense	-	-	1,665
OPEB expense	-	-	238
Purchased services	2,624	2,624	4,043
Supplies and materials	1,838	1,838	2,000
Intergovernmental			
Payments to other governmental units	42,310	42,310	42,310
Total Expenditures	<u>86,805</u>	<u>86,805</u>	<u>88,617</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	41,669
Other Financing Sources (Uses):			
Transfers in	-	-	449
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	42,118
Fund Balance (Deficit), Beginning of Year			<u>(51,237)</u>
Fund Balance (Deficit), End of Year			<u>\$ (9,119)</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
ROE OPERATIONS
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 118,450	\$ 127,676	\$ 127,676
Total Revenues	<u>118,450</u>	<u>127,676</u>	<u>127,676</u>
Expenditures			
Instructional services			
Salaries	102,137	110,137	110,925
Employee benefits	13,586	14,706	9,335
Pension expense	-	-	6,524
OPEB expense	-	-	282
Purchased services	1,352	1,458	1,830
Supplies and materials	1,375	1,375	1,379
Total Expenditures	<u>118,450</u>	<u>127,676</u>	<u>130,275</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(2,599)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	2,523
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(76)
Fund Balance, Beginning of Year			<u>76</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2017 to June 30, 2018)
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY LEADERSHIP
 For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,213	\$ 2,213	\$ 2,213
Total Revenues	<u>2,213</u>	<u>2,213</u>	<u>2,213</u>
Expenditures			
Instructional services			
Purchased services	2,213	2,213	2,213
Total Expenditures	<u>2,213</u>	<u>2,213</u>	<u>2,213</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2017 to June 30, 2018)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE EDUCATION
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 173,704	\$ 173,704	\$ 247,861
Total Revenues	<u>173,704</u>	<u>173,704</u>	<u>247,861</u>
Expenditures			
Instructional services			
Salaries	127,900	133,668	133,667
Employee benefits	23,071	23,875	10,226
Pension expense	-	-	12,317
Purchased services	16,432	14,661	15,261
Supplies and materials	6,301	1,500	2,706
Total Expenditures	<u>173,704</u>	<u>173,704</u>	<u>174,177</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	73,684
Other Financing Sources (Uses):			
Transfers in	-	-	473
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	74,157
Fund Balance (Deficit), Beginning of Year			<u>(89,704)</u>
Fund Balance (Deficit), End of Year			<u>\$ (15,547)</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2018**

	Bus Driver Training	General Education Development	Total
Assets			
Cash and cash equivalents	\$ 8,053	\$ 9,670	\$ 17,723
Due from other governments	-	-	-
Total Assets	<u>8,053</u>	<u>9,670</u>	<u>17,723</u>
 Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets and Deferred Outflows of Resources	<u>\$ 8,053</u>	<u>\$ 9,670</u>	<u>\$ 17,723</u>
 Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances (Deficits)			
Restricted	<u>8,053</u>	<u>9,670</u>	<u>17,723</u>
Total Fund Balances (Deficits)	<u>8,053</u>	<u>9,670</u>	<u>17,723</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 8,053</u>	<u>\$ 9,670</u>	<u>\$ 17,723</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	Bus Driver Training	General Education Development	Total
Revenues			
Local sources	\$ 4,360	\$ 1,505	\$ 5,865
State sources	1,395	-	1,395
Total Revenues	<u>5,755</u>	<u>1,505</u>	<u>7,260</u>
Expenditures			
Instructional services			
Salaries	5,873	-	5,873
Employee benefits	449	-	449
Pension expense	556	-	556
Purchased services	3,243	485	3,728
Supplies and materials	-	460	460
Total Expenditures	<u>10,121</u>	<u>945</u>	<u>11,066</u>
Net Change in Fund Balances (Deficits)	(4,366)	560	(3,806)
Fund Balances (Deficits), Beginning of Year	<u>12,419</u>	<u>9,110</u>	<u>21,529</u>
Fund Balances (Deficits), End of Year	<u>\$ 8,053</u>	<u>\$ 9,670</u>	<u>\$ 17,723</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2018**

	Business-type Activities		Total
	Enterprise Funds		
	Workshops	Fingerprinting	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 63,927	\$ 44,085	\$ 108,012
Due from other governments	16,853	5,257	22,110
Total Current Assets	<u>80,780</u>	<u>49,342</u>	<u>130,122</u>
Noncurrent assets			
Net pension asset	<u>1,155</u>	<u>2,613</u>	<u>3,768</u>
Total Assets	<u>81,935</u>	<u>51,955</u>	<u>133,890</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,717	783	2,500
Deferred outflows related to OPEB	<u>55</u>	<u>-</u>	<u>55</u>
Total Deferred Outflows of Resources	<u>1,772</u>	<u>783</u>	<u>2,555</u>
LIABILITIES			
Current Liabilities			
Accounts payable	<u>178</u>	<u>1,203</u>	<u>1,381</u>
Noncurrent Liabilities			
Net pension liability	2,015	-	2,015
Net OPEB liability	<u>679</u>	<u>-</u>	<u>679</u>
Total Noncurrent Liabilities	<u>2,694</u>	<u>-</u>	<u>2,694</u>
Total Liabilities	<u>2,872</u>	<u>1,203</u>	<u>4,075</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,917	2,922	4,839
Deferred inflows related to OPEB	<u>81</u>	<u>-</u>	<u>81</u>
Total Deferred Inflows of Resources	<u>1,998</u>	<u>2,922</u>	<u>4,920</u>
NET POSITION			
Unrestricted	77,682	46,000	123,682
Restricted for educational purposes	<u>1,155</u>	<u>2,613</u>	<u>3,768</u>
Total Net Position	<u>\$ 78,837</u>	<u>\$ 48,613</u>	<u>\$ 127,450</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-Type Activities		Total
	Enterprise Funds		
	Workshops	Fingerprinting	
Operating Revenues			
Charges for services	\$ 70,913	\$ 42,163	\$ 113,076
Operating Expenses			
Salaries	1,161	9,549	10,710
Employee benefits	(422)	730	308
Pension expense (income)	(1,141)	541	(600)
OPEB expense (income)	(1,465)	-	(1,465)
Purchased services	58,690	17,751	76,441
Supplies and materials	5,150	1,004	6,154
Total Operating Expenses	<u>61,973</u>	<u>29,575</u>	<u>91,548</u>
Change in Net Position	<u>8,940</u>	<u>12,588</u>	<u>21,528</u>
Net Position, Beginning of Year	72,071	36,025	108,096
Restatement (see Note 18)	<u>(2,174)</u>	<u>-</u>	<u>(2,174)</u>
Net Position, Beginning of Year - Restated	<u>69,897</u>	<u>36,025</u>	<u>105,922</u>
Net Position, End of Year	<u><u>\$ 78,837</u></u>	<u><u>\$ 48,613</u></u>	<u><u>\$ 127,450</u></u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-type Activities		Total
	Enterprise Funds		
	Workshops	Fingerprinting	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 54,060	\$ 37,937	\$ 91,997
Payments to suppliers and providers of goods and services	(63,662)	(17,552)	(81,214)
Payments to employees	(1,124)	(11,071)	(12,195)
Net Cash Provided by (Used for) Operating Activities	<u>(10,726)</u>	<u>9,314</u>	<u>(1,412)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,726)	9,314	(1,412)
Cash and Cash Equivalents, Beginning of Year	<u>74,653</u>	<u>34,771</u>	<u>109,424</u>
Cash and Cash Equivalents, End of Year	<u>\$ 63,927</u>	<u>\$ 44,085</u>	<u>\$ 108,012</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 8,940	\$ 12,588	\$ 21,528
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension and OPEB expense reconciliation	(2,991)	(251)	(3,242)
(Increase) decrease in assets:			
Due from other governments	(16,853)	(4,226)	(21,079)
Increase (decrease) in liabilities:			
Accounts payable	178	1,203	1,381
Net cash provided by (used for) operating activities	<u>\$ (10,726)</u>	<u>\$ 9,314</u>	<u>\$ (1,412)</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2018**

	<u>Impact Fees</u>	<u>Petitions Fund</u>	<u>Distributive Fund</u>	<u>School Facility Occupation Tax</u>	<u>Total</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 20	\$ 40	\$ 61,507	\$ 577,378	\$ 638,945
Due from other governments	-	-	-	1,806,792	1,806,792
Total Assets	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 61,507</u>	<u>\$ 2,384,170</u>	<u>\$ 2,445,737</u>
<i>Liabilities</i>					
Due to other governments	<u>\$ 20</u>	<u>\$ 40</u>	<u>\$ 61,507</u>	<u>\$ 2,384,170</u>	<u>\$ 2,445,737</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Impact Fees</u>				
Assets				
Cash and cash equivalents	\$ 6,156	\$ 26,686	\$ 32,822	\$ 20
Liabilities				
Due to other governments	\$ 6,156	\$ 20	\$ 6,156	\$ 20
<u>Petitions Fund</u>				
Assets				
Cash and cash equivalents	\$ 40	\$ -	\$ -	\$ 40
Liabilities				
Due to other governments	\$ 40	\$ -	\$ -	\$ 40
<u>Distributive Fund</u>				
Assets				
Cash and cash equivalents	\$ 102	\$ 3,260,913	\$ 3,199,508	\$ 61,507
Liabilities				
Due to other governments	\$ 102	\$ 61,405	\$ -	\$ 61,507
<u>School Facility Occupation Tax</u>				
Assets				
Cash and cash equivalents	\$ 369,063	\$ 4,266,408	\$ 4,058,093	\$ 577,378
Due from other governments	1,146,954	1,806,792	1,146,954	1,806,792
Total Assets	<u>\$ 1,516,017</u>	<u>\$ 6,073,200</u>	<u>\$ 5,205,047</u>	<u>\$ 2,384,170</u>
Liabilities				
Due to other governments	<u>\$ 1,516,017</u>	<u>\$ 2,384,170</u>	<u>\$ 1,516,017</u>	<u>\$ 2,384,170</u>
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 375,361	\$ 7,554,007	\$ 7,290,423	\$ 638,945
Due from other governments	1,146,954	1,806,792	1,146,954	1,806,792
Total Assets	<u>\$ 1,522,315</u>	<u>\$ 9,360,799</u>	<u>\$ 8,437,377</u>	<u>\$ 2,445,737</u>
Liabilities				
Due to other governments	<u>\$ 1,522,315</u>	<u>\$ 2,445,595</u>	<u>\$ 1,522,173</u>	<u>\$ 2,445,737</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the Year Ended June 30, 2018

	Bi-County Special Education Coop <hr style="border: 0.5px solid black;"/>
Evidence	\$ 567,593
Special Ed. - Personnel	283,797
State Free Lunch & Breakfast	628
National School Lunch Program	20,744
School Breakfast Program	12,596
Fed. - Sp. Ed. - Pre-School Flow Through	137,208
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	2,238,347
	\$ 3,260,913

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures 7/1/17 - 6/30/18
U. S. Department of Education				
Rural Education Achievement Program	84.358A	S358A14874		\$ 4,109
Passed Through Illinois State Board of Education				
Education for Homeless Children and Youth				
<i>McKinney Education for Homeless Children</i>	84.196A	17-4920-00	82,428	97,616
<i>McKinney Education for Homeless Children</i>	84.196A	18-4920-RF	213,833	278,023
			<u>296,261</u>	<u>375,639</u>
Math and Science Partnerships				
<i>Math and Science Partnership-Math Area Partner</i>	84.366B	17-4936-MA	8,000	116,395
<i>Math and Science Partnerships-Science Area Partner</i>	84.366B	17-4936-SA	7,400	113,709
			<u>15,400</u>	<u>230,104</u>
Special Education - State Personnel Development				
<i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	17-4631-RN	101,778	103,088
<i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	18-4631-RN	515,042	1,087,517
			<u>616,820</u>	<u>1,190,605</u>
Improving Teacher Quality State Grants				
<i>Title II - Teacher Quality - Leadership Grants</i>	84.367A	18-4935-02		2,213
Passed Through Boone-Winnebago Regional Office of Education				
Title I Grants to Local Educational Agencies				
<i>Title I School Improvement and Accountability Part A - SSOS</i>	84.010A	18-4331-SS		83,934
Total U. S. Department of Education				<u>1,886,604</u>
U.S. Department of Labor				
Passed through Best, Inc				
<i>WIA Youth Activities</i>	17.259	15-002		162,760
U. S. Department of Agriculture				
Passed through Illinois State Board of Education				
Child Nutrition Cluster				
National School Lunch Program				
<i>National School Lunch Program</i>	10.555	17-4210-00	2,219	2,219
<i>National School Lunch Program</i>	10.555	18-4210-00	11,574	11,574
			<u>13,793</u>	<u>13,793</u>
School Breakfast Program				
<i>School Breakfast Program</i>	10.553	17-4220-00	1,020	1,020
<i>School Breakfast Program</i>	10.553	18-4220-00	5,424	5,424
			<u>6,444</u>	<u>6,444</u>
Total Child Nutrition Cluster				20,237
Total U. S. Department of Agriculture				<u>20,237</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 948,718</u>	<u>\$ 2,069,601</u>

(M) Major Program

The accompanying notes are an integral part of this schedule.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Regional Office of Education #47 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education #47, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Office of Education #47.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education #47 has elected not to use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance.