

State of Illinois
ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the Year Ended June 30, 2017

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49**

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REGIONAL OFFICE OF EDUCATION NO. 49**

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**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49**

OFFICIALS

Regional Superintendent
(current and during the audit period)

Ms. Tammy Muerhoff

Assistant Regional Superintendent
(August 16, 2018 and current)

Mr. Clayton Naylor

Assistant Regional Superintendent
(during the audit period through August 14, 2018)

Ms. Jodie Atteberry

Office is located at:

3430 Avenue of the Cities
Moline, Illinois 61265

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49**

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.

AUDITOR'S REPORTS

The auditor's reports on compliance and 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	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

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

2017-001	13-15	Controls Over Financial Statement Preparation	Material Weakness
2017-002	16-17	Controls Over Fund Accounting System	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49**

COMPLIANCE REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

The Rock Island County Regional Office of Education No. 49 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2017. Throughout the audit, meetings were held between auditors and Regional Office officials to discuss matters obtained in this report. Responses to the recommendations were provided by Honorable Tammy Muerhoff, Regional Superintendent, on August 20, 2018.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Rock Island County Regional Office of Education No. 49 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unmodified opinion on Rock Island County Regional Office of Education No. 49's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rock Island County Regional Office of Education No. 49, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Rock Island County Regional Office of Education No. 49's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Rock Island County Regional Office of Education No. 49, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 23 through 35, the Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, the Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, the Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios, and the Illinois Municipal Retirement Fund - Schedule of Employer Contributions on pages 76 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rock Island County Regional Office of Education No. 49's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements 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 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 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 September 11, 2018 on our consideration of Rock Island County Regional Office of Education No. 49's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Clinton, Iowa
September 11, 2018



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with 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 Rock Island County Regional Office of Education No. 49, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Rock Island County Regional Office of Education No. 49's basic financial statements, and have issued our report thereon dated September 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49's internal control. Accordingly, we do not express an opinion on the effectiveness of Rock Island County Regional Office of Education No. 49's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and

Questioned Costs as items 2017-001 and 2017-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rock Island County Regional Office of Education No. 49's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education No. 49's Responses to Findings

Rock Island County Regional Office of Education No. 49's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rock Island County Regional Office of Education No. 49's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Clinton, Iowa
September 11, 2018



**INDEPENDENT AUDITOR'S 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 Rock Island County Regional Office of Education No. 49's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional Office of Education No. 49's major federal programs for the year ended June 30, 2017. Rock Island County Regional Office of Education No. 49's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49's compliance.

Opinion on Each Major Federal Program

In our opinion, Rock Island County Regional Office of Education No. 49 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Rock Island County Regional Office of Education No. 49 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 Rock Island County Regional Office of Education No. 49'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 Rock Island County Regional Office of Education No. 49's internal control over compliance.

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

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

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

SIGNED ORIGINAL ON FILE

Clinton, Iowa
September 11, 2018

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section I: Summary of Auditor's Results:

Financial Statements in Accordance with Generally Accepted Accounting Principles

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs:
Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287C</u>	<u>Title IV - 21st Century Hanson Elementary School</u>
<u>84.287C</u>	<u>Title IV - 21st Century Moline High School</u>
<u>84.287C</u>	<u>Title IV - 21st Century Glenview Middle School</u>
<u>84.287C</u>	<u>Title IV - 21st Century John Deere Middle School</u>

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

Auditee qualified as low-risk auditee? yes x no

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section II: Financial Statement Findings:

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)

Criteria/Specific Requirement:

Rock Island County Regional Office of Education No. 49 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Rock Island County Regional Office of Education No. 49's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

Rock Island County Regional Office of Education No. 49 does not have sufficient internal controls over the financial reporting process. While Regional Office of Education No. 49 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section II: Financial Statement Findings:

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)(Continued)

Condition (Continued):

During review of Regional Office of Education No. 49's financial information prepared by the ROE, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments, including those required under GASB Statements No. 34, No. 68, and No. 71, were proposed in order to ensure those balances were accurate.

Effect:

Regional Office of Education No. 49's management or its employees, in the normal course of performing their assigned functions, may not prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

Cause:

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

Auditor's recommendation:

As part of internal control over the preparation of financial statements, including disclosures, Rock Island County Regional Office of Education No. 49 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of Regional Office of Education No. 49's activities and operations.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section II: Financial Statement Findings:

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)(Continued)

Management's Response:

The Rock Island County Regional Office of Education has four positions which have some form of direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas necessary in order to obtain a sufficient set of internal controls over financial statement preparation. There will be continued oversight and direct review of the financial statements of Rock Island County Regional Office of Education. Opportunities to review and provide additional oversight will be pursued to ensure the utmost level of monitoring of all financial assets.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section II: Financial Statement Findings:

FINDING 2017-002 - Controls Over Fund Accounting System

Criteria/Specific Requirement:

Rock Island County Regional Office of Education No. 49 is required by the Illinois State Board of Education to maintain its accounting system in accordance with the Regional Office of Education Accounting Manual (Manual). The Manual requires the ROE to maintain an accounting system on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Condition:

Due to the Regional Office of Education No. 49's fund accounting system no longer being supported by the vendor, the ROE purchased a new fund accounting system during the fiscal year. The new fund accounting system imported data from the old system for July 2016 through May of 2017 and directly recorded transactions from the remainder of May 2017 through June 2017. Prior to providing the June 30, 2017 trial balance to auditors, the ROE did not ensure all individual funds were self-balanced and opening fund balance amounts agreed to the prior period closing fund balance amounts. Other errors, including net fund change accounts being inaccurate and some activity not being included in the fund accounting system were noted.

Effect:

An accounting system with inaccurate information may inhibit Regional Office of Education No. 49 from tracking specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. In addition, the ROE is unable to prepare accurate financial statements in accordance with GAAP.

Cause:

The Regional Office of Education No. 49's accounting system was no longer being supported by the vendor; therefore, the ROE purchased a new accounting system during the fiscal year. The ROE is still in the process of transitioning to the new software and is making adjustments with the assistance of the software vendors as deficiencies are noted.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section II: Financial Statement Findings:

FINDING 2017-002 - Controls Over Fund Accounting System (Continued)

Auditor's recommendation:

The Regional Office of Education No. 49 should continue to have a member of management with suitable skills, knowledge, and experience review its trial balance reports at regular intervals throughout the year. The ROE should also ensure individual funds are self-balanced and opening fund balance amounts agree to the prior period closing fund balance amounts.

Management's Response:

The Rock Island County Regional Office of Education management team will review trial balance reports throughout the fiscal year to ensure individual funds are self-balanced and opening fund balance amounts agree to prior period closing fund balance amounts. The Rock Island County Regional Office of Education has obtained services from an auditing firm to conduct financial statement preparation for the upcoming 2017-2018 fiscal year audit process.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

Section III: Federal Award Findings:

INSTANCES OF NONCOMPLIANCE:

None

MATERIAL WEAKNESSES:

None

SIGNIFICANT DEFICIENCIES:

None noted

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2017**

FINDING 2017-001 - Controls Over Financial Statement Preparation (Repeat of findings 16-001, 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)

Condition:

Rock Island County Regional Office of Education No. 49 does not have sufficient internal controls over the financial reporting process. While Regional Office of Education No. 49 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

During review of Regional Office of Education No. 49's financial information prepared by the ROE, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments, including those required under GASB Statements No. 34, No. 68, and No. 71, were proposed in order to ensure those balances were accurate.

Plan:

The Rock Island County Regional Office of Education will acquire the necessary information and training in order to ensure the financial statement balances are accurate and eliminate the need for numerous material audit adjustments. Additionally, the Rock Island County Regional Office of Education has obtained services from an auditing firm to conduct financial statement preparation for the upcoming 2017-2018 fiscal year audit process.

Anticipated Completion Date:

Ongoing

Contact Person Responsible for Corrective Action:

Regional Superintendent, Tammy Muerhoff, Rock Island County Regional Office of Education No. 49

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2017**

FINDING 2017-002 - Controls Over Fund Accounting System

Condition:

Due to the Regional Office of Education No. 49's fund accounting system no longer being supported by the vendor, the ROE purchased a new fund accounting system during the fiscal year. The new fund accounting system imported data from the old system for July 2016 through May of 2017 and directly recorded transactions from the remainder of May 2017 through June 2017. Prior to providing the June 30, 2017 trial balance to auditors, the ROE did not ensure all individual funds were self-balanced and opening fund balance amounts agreed to the prior period closing fund balance amounts. Other errors, including net fund change accounts being inaccurate and some activity not being included in the fund accounting system were noted.

Plan:

The Rock Island County Regional Office of Education has obtained services from an auditing firm to conduct financial statement preparation for the upcoming 2017-2018 fiscal year audit process.

Anticipated Completion Date:

Ongoing

Contact Person Responsible for Corrective Action:

Regional Superintendent, Tammy Muerhoff, Rock Island County Regional Office of Education No. 49

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
June 30, 2017**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
	None	

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Rock Island County Regional Office of Education No. 49 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with Rock Island County Regional Office of Education No. 49's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$423,861 in fiscal year 2016 to \$426,200 in fiscal year 2017. General Fund expenditures increased from \$423,861 in fiscal year 2016 to \$426,200 in fiscal year 2017. The increase in revenues and expenditures is due to an increase in the on-behalf payments.
- Institute Fund revenues decreased from \$50,828 in fiscal year 2016 to \$44,982 in fiscal year 2017. Expenses in the Institute Fund remained relatively constant from \$39,160 in fiscal year 2016 to \$42,106 in fiscal year 2017.
- Education Fund revenues decreased from \$3,324,307 in fiscal year 2016 to \$3,012,714 in fiscal year 2017. Expenditures decreased from \$3,329,746 in fiscal year 2016 to \$3,106,813 in fiscal year 2017. The Education Fund is made up of grants that can vary greatly from year to year as some programs have decreased funding or are discontinued while others see a funding increase.
- Enterprise Workshop Fund revenues decreased from \$241,514 in fiscal year 2016 to \$205,159 in fiscal year 2017. This decrease was primarily due to a reduction in the number of professional learning opportunities which were provided and participants interested in attending; as well as, grant funds that were available to off-set costs for participants. Thereby, reducing the amount of revenues received in the Enterprise Workshop Fund.
- Government-wide revenues decreased 4% from \$4,367,172 in fiscal year 2016 to \$4,193,254 in fiscal year 2017. Government-wide expenses decreased 2% from \$4,085,216 in fiscal year 2016 to \$3,987,369 in fiscal year 2017.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Rock Island County Regional Office of Education No. 49's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Rock Island County Regional Office of Education No. 49 as a whole and present an overall view of Rock Island County Regional Office of Education No. 49's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Rock Island County Regional Office of Education No. 49's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Rock Island County Regional Office of Education No. 49 acts solely as an agent or custodian for the benefit of those outside of Rock Island County Regional Office of Education No. 49.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with information about the Teachers' Retirement System and Illinois Municipal Retirement Fund pension (assets) liabilities and employer contributions.

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

Figure A-1 summarizes the major features of Rock Island County Regional Office of Education No. 49's financial statements, including the portion of Rock Island County Regional Office of Education No. 49's activities they cover and the types of information they contain.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Figure A-1
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Rock Island County Regional Office of Education No. 49 (except fiduciary funds)	The activities of Rock Island County Regional Office of Education No. 49 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Rock Island County Regional Office of Education No. 49 operates similar to private businesses: Workshops	Instances in which Rock Island County Regional Office of Education No. 49 administers resources on behalf of someone else, such as the Distributive Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

**REPORTING ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49'S
FINANCIAL ACTIVITIES**

Government-wide Financial Statements

The government-wide financial statements report information about Rock Island County Regional Office of Education No. 49 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of Rock Island County Regional Office of Education No. 49's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Rock Island County Regional Office of Education No. 49's net position and how it has changed. Net position - the difference between Rock Island County Regional Office of Education No. 49's assets plus deferred outflows and liabilities plus deferred inflows - are one way to measure Rock Island County Regional Office of Education No. 49's financial health or financial position. Over time, increases or decreases in Rock Island County Regional Office of Education No. 49's net position are an indicator of whether financial position is improving or deteriorating. To assess Rock Island County Regional Office of Education No. 49's overall health, additional non-financial factors, such as changes in Rock Island County Regional Office of Education No. 49's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, Rock Island County Regional Office of Education No. 49's activities are divided into two categories:

Governmental activities: Most of Rock Island County Regional Office of Education No. 49's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.

Business-type activities: Rock Island County Regional Office of Education No. 49 charges fees to help cover the costs of certain services it provides. Rock Island County Regional Office of Education No. 49's workshop fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about Rock Island County Regional Office of Education No. 49's funds, focusing on its most significant or "major" funds - not Rock Island County Regional Office of Education No. 49 as a whole. Funds are accounting devices Rock Island County Regional Office of Education No. 49 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. Rock Island County Regional Office of Education No. 49 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Rock Island County Regional Office of Education No. 49 has three kinds of funds:

1) *Governmental funds*: Most of Rock Island County Regional Office of Education No. 49's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Rock Island County Regional Office of Education No. 49's programs.

Rock Island County Regional Office of Education No. 49's governmental funds include the General Fund and Special Revenue Funds.

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

2) *Proprietary funds*: Services for which Rock Island County Regional Office of Education No. 49 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Rock Island County Regional Office of Education No. 49's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Rock Island County Regional Office of Education No. 49 currently has one Enterprise Fund, the Workshop Fund.

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

3) *Fiduciary funds*: Rock Island County Regional Office of Education No. 49 is the trustee, or fiduciary, for assets that belong to others. These funds include Agency Funds.

Agency Funds - These are funds through which Rock Island County Regional Office of Education No. 49 administers and accounts for certain federal and/or state grants on behalf of others.

Rock Island County Regional Office of Education No. 49 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. Rock Island County Regional Office of Education No. 49 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for fiduciary funds includes a Statement of Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Government-Wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of Rock Island County Regional Office of Education No. 49, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$237,781 as of June 30, 2017. The net effect of required deferred outflows and deferred inflows of pension activity was a liability of \$431,826.

A portion of Rock Island County Regional Office of Education No. 49's net position reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that is still outstanding. Although Rock Island County Regional Office of Education No. 49's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Rock Island County Regional Office of Education No. 49's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of Rock Island County Regional Office of Education No. 49's net position for the fiscal year ended June 30, 2017 and 2016.

2017

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 1,015,616	\$ 744,413	\$ 1,760,029
Capital assets, net of depreciation	44,923	3,884	48,807
Total assets	<u>1,060,539</u>	<u>748,297</u>	<u>1,808,836</u>
Deferred outflows related to pensions	<u>199,260</u>	<u>24,591</u>	<u>223,851</u>
Current liabilities	857,377	7,320	864,697
Net pension liability	263,538	10,994	274,532
Total liabilities	<u>1,120,915</u>	<u>18,314</u>	<u>1,139,229</u>
Deferred inflows related to pensions	<u>655,677</u>	<u>-</u>	<u>655,677</u>
Net position			
Net investment in capital assets	44,923	3,884	48,807
Unrestricted	(719,955)	750,690	30,735
Restricted - other	158,239	-	158,239
Total net position	<u>\$ (516,793)</u>	<u>\$ 754,574</u>	<u>\$ 237,781</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

2016

	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 560,652	\$ 700,808	\$ 1,261,460
Capital assets, net of depreciation	52,839	913	53,752
Net pension asset	30,194	4,117	34,311
Total assets	<u>643,685</u>	<u>705,838</u>	<u>1,349,523</u>
 Deferred outflows related to pensions	 <u>151,016</u>	 <u>18,225</u>	 <u>169,241</u>
 Current liabilities	 402,123	 4,650	 406,773
Net pension liability	236,696	-	236,696
Total liabilities	<u>638,819</u>	<u>4,650</u>	<u>643,469</u>
 Deferred inflows related to pensions	 <u>842,982</u>	 <u>417</u>	 <u>843,399</u>
 Net position			
Net investment in capital assets	52,839	913	53,752
Unrestricted	(928,365)	713,966	(214,399)
Restricted - other	188,426	4,117	192,543
Total net position	<u>\$ (687,100)</u>	<u>\$ 718,996</u>	<u>\$ 31,896</u>

Changes in net position. Rock Island County Regional Office of Education No. 49's total revenue for the fiscal year ended June 30, 2017 was \$4,193,254. The total cost of all programs and services was \$3,987,369. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and 2016.

2017

	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues			
Charges for services	\$ 70,807	\$ 205,159	\$ 275,966
Operating grants and contributions	3,013,657	-	3,013,657
General revenues			
State sources	167,847	-	167,847
On-behalf payments	735,784	-	735,784
Total revenues	<u>3,988,095</u>	<u>205,159</u>	<u>4,193,254</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

2017

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Expenses:			
Education			
Salaries and benefits	\$ 1,124,570	\$ 89,784	\$ 1,214,354
Pension expense (benefit)	(133,369)	13,340	(120,029)
Purchased services	1,163,767	62,415	1,226,182
Supplies and materials	126,098	2,141	128,239
Payments to other governments	778,794	-	778,794
Capital outlay	3,684	-	3,684
Depreciation and disposition losses	19,753	608	20,361
Administrative			
On-behalf payments	<u>735,784</u>	<u>-</u>	<u>735,784</u>
Total expenses	<u>3,819,081</u>	<u>168,288</u>	<u>3,987,369</u>
Excess of revenues over expenses before transfers	169,014	36,871	205,885
Transfers	<u>1,293</u>	<u>(1,293)</u>	<u>-</u>
Change in net position	170,307	35,578	205,885
Net position, beginning of year	<u>(687,100)</u>	<u>718,996</u>	<u>31,896</u>
Net position, end of year	<u>\$ (516,793)</u>	<u>\$ 754,574</u>	<u>\$ 237,781</u>

Operating grants and contributions account for 72% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to education, which accounts for 82% of the total expenses.

2016

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ 66,260	\$ 241,514	\$ 307,774
Operating grants and contributions	3,314,365	-	3,314,365
General revenues			
State sources	97,645	-	97,645
On-behalf payments	<u>647,388</u>	<u>-</u>	<u>647,388</u>
Total revenues	<u>4,125,658</u>	<u>241,514</u>	<u>4,367,172</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

<u>2016</u>	<u>Governmental</u>	<u>Business-</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Activities</u>	
Expenses:			
Education			
Salaries and benefits	\$ 1,075,708	\$ 71,358	\$ 1,147,066
Pension expense (benefit)	(149,506)	(17,657)	(167,163)
Purchased services	1,249,984	93,405	1,343,389
Supplies and materials	53,533	8,282	61,815
Payments to other governments	1,033,057	-	1,033,057
Capital outlay	486	-	486
Depreciation and disposition losses	16,560	2,618	19,178
Administrative			
On-behalf payments	<u>647,388</u>	<u>-</u>	<u>647,388</u>
Total expenses	<u>3,927,210</u>	<u>158,006</u>	<u>4,085,216</u>
 Excess of revenues over expenses before transfers	 198,448	 83,508	 281,956
 Transfers	 <u>6,675</u>	 <u>(6,675)</u>	 <u>-</u>
 Change in net position	 205,123	 76,833	 281,956
 Net position, beginning of year	 <u>(892,223)</u>	 <u>642,163</u>	 <u>(250,060)</u>
 Net position, end of year	 <u>\$ (687,100)</u>	 <u>\$ 718,996</u>	 <u>\$ 31,896</u>

Operating grants and contributions account for 76% of the total revenue. Rock Island County Regional Office of Education No. 49's expenses primarily relate to education, which accounts for 84% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,988,095 and \$4,125,658 and expenses were \$3,819,081 and \$3,927,210 for 2017 and 2016, respectively.

The following table presents the cost of Rock Island County Regional Office of Education No. 49's functional governmental activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Rock Island County Regional Office of Education No. 49's residents by each of these functions.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

<u>2017</u>	<u>Total</u>	<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Revenues</u>
Education		
Salaries and benefits	\$ 1,124,570	\$ (24,416)
Pension expense (benefit)	(133,369)	177,472
Purchased services	1,163,767	(28,211)
Supplies and materials	126,098	(1,618)
Payments to other governments	778,794	(113,691)
Capital outlay	3,684	11,384
Depreciation and disposition losses	19,753	(19,753)
Administrative		
On-behalf payments	<u>735,784</u>	<u>(735,784)</u>
Total expenses	<u>\$ 3,819,081</u>	<u>\$ (734,617)</u>
<u>2016</u>	<u>Total</u>	<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Revenues</u>
Education		
Salaries and benefits	\$ 1,075,708	\$ (2,463)
Pension expense (benefit)	(149,506)	191,133
Purchased services	1,249,984	1,179
Supplies and materials	53,533	756
Payments to other governments	1,033,057	(99,271)
Capital outlay	486	26,029
Depreciation and disposition losses	16,560	(16,560)
Administrative		
On-behalf payments	<u>647,388</u>	<u>(647,388)</u>
Total expenses	<u>\$ 3,927,210</u>	<u>\$ (546,585)</u>

- The cost of all governmental activities was \$3,819,081 and \$3,927,210 for 2017 and 2016, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$3,013,657 and \$3,314,365 for 2017 and 2016, respectively.

Net cost of governmental activities (\$734,617), was financed by general revenues, which are made up of primarily state sources (\$167,847) and on-behalf payments (\$735,784) for 2017.

Net cost of governmental activities (\$546,585), was financed by general revenues, which are made up of primarily state sources (\$97,645) and on-behalf payments (\$647,388) for 2016.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Business-Type Activities

Revenues for business-type activities were \$205,159 and \$241,514 and expenses were \$168,288 and \$158,006 for 2017 and 2016, respectively. Rock Island County Regional Office of Education No. 49's business-type activities include the Workshop Fund. For the business-type activities, revenues are comprised of charges for services.

INDIVIDUAL FUND ANALYSIS

As previously noted, Rock Island County Regional Office of Education No. 49 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Rock Island County Regional Office of Education No. 49 as a whole is reflected in its governmental funds, as well. As Rock Island County Regional Office of Education No. 49 completed the year, its governmental funds reported a combined fund balance of \$27,059, below last year's ending fund balance of \$118,832.

Governmental Fund Highlights

The Institute Fund balance increased from \$142,459 in 2016 to \$145,335 in 2017. The increase was primarily due to an increase in applications and renewals for educator licensure.

The Education Fund balance decreased from \$(40,990) in 2016 to \$(133,796) in 2017. The decrease is mostly due to an increase in unavailable revenue which is derived from untimely grant reimbursements.

Proprietary Fund Highlights

Workshop Fund net position increased from \$718,996 at June 30, 2016 to \$754,574 at June 30, 2017, representing an increase of approximately 5%. Net position fluctuates with the number of professional learning opportunities which were provided and participants interested in attending.

BUDGETARY HIGHLIGHTS

Rock Island County Regional Office of Education No. 49 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, Rock Island County Regional Office of Education No. 49 amended several of the grant budgets within the Education Fund.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

CAPITAL ASSETS

As of June 30, 2017, Rock Island County Regional Office of Education No. 49 had invested \$48,807 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$20,315.

The following schedules present capital asset balances net of depreciation for the fiscal years ended June 30, 2017 and 2016.

<u>2017</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 44,923	\$ 3,884	\$ 48,807
<u>2016</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Furniture and equipment	\$ 52,839	\$ 913	\$ 53,752

Additional information on Rock Island County Regional Office of Education No. 49's capital assets can be found in Note 4 on page 58 and 59 of this report.

ECONOMIC FACTORS BEARING ON ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49'S FUTURE

At the time these financial statements were prepared and audited, Rock Island County Regional Office of Education No. 49 was aware of several existing circumstances that could significantly affect its financial health in the future.

The financial health of the Rock Island County Regional Office of Education is dependent upon proper financial oversight and continued funding provided by State and Federal sources.

The State of Illinois continues to be in a dismal financial position, with an annual general fund deficit of \$14.6 billion in the 2017 fiscal year which is an increase of \$5.0 billion from the prior fiscal year. This budget deficit negatively affects the Regional Office of Education's ability to obtain grants to lend for services in the community as well as to provide for stable and continued growth. Consequently, payments from the State of Illinois for grants have been delayed and do not allow for maintaining programmatic initiatives to provide much needed services throughout the Rock Island County community.

The United States Federal Government has experienced financially trying times and the number and availability of federal grants and federal monies has impacted the opportunities for continued and expansion of services provided to the Rock Island County community.

**ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

**CONTACTING ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49's
FINANCIAL MANAGEMENT**

This financial report is designed to provide Rock Island County Regional Office of Education No. 49's citizens, taxpayers, customers and constituents with a general overview of Rock Island County Regional Office of Education No. 49's finances and to demonstrate Rock Island County Regional Office of Education No. 49's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rock Island County Regional Office of Education No. 49, 3430 Avenue of the Cities, Moline, Illinois 61265.

BASIC FINANCIAL STATEMENTS

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF NET POSITION
June 30, 2017

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 373,468	\$ 315,355	\$ 688,823
Accounts receivable	1,704	-	1,704
Due from other governments	1,049,769	19,733	1,069,502
Due from (to) other funds	<u>(409,325)</u>	<u>409,325</u>	<u>-</u>
Total current assets	1,015,616	744,413	1,760,029
Non-current assets:			
Capital assets, net of depreciation	<u>44,923</u>	<u>3,884</u>	<u>48,807</u>
Total assets	<u>1,060,539</u>	<u>748,297</u>	<u>1,808,836</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>199,260</u>	<u>24,591</u>	<u>223,851</u>
LIABILITIES			
Current liabilities:			
Accounts payable	356,506	2,162	358,668
Accrued expenses	36,327	5,158	41,485
Due to other governments	393,694	-	393,694
Unearned revenue	<u>70,850</u>	<u>-</u>	<u>70,850</u>
Total current liabilities	857,377	7,320	864,697
Non-current liabilities:			
Net pension liability	<u>263,538</u>	<u>10,994</u>	<u>274,532</u>
Total liabilities	<u>1,120,915</u>	<u>18,314</u>	<u>1,139,229</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>655,677</u>	<u>-</u>	<u>655,677</u>
NET POSITION			
Net investment in capital assets	44,923	3,884	48,807
Unrestricted	(719,955)	750,690	30,735
Restricted - other	<u>158,239</u>	<u>-</u>	<u>158,239</u>
Total net position	<u>\$ (516,793)</u>	<u>\$ 754,574</u>	<u>\$ 237,781</u>

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Change in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 1,124,570	\$ 30,306	\$ 1,069,848	\$ (24,416)	\$ -	\$ (24,416)
Pension expense (benefit)	(133,369)	1,912	42,191	177,472	-	177,472
Purchased services	1,163,767	17,489	1,118,067	(28,211)	-	(28,211)
Supplies and materials	126,098	920	123,560	(1,618)	-	(1,618)
Payments to other governments	778,794	20,180	644,923	(113,691)	-	(113,691)
Capital outlay	3,684	-	15,068	11,384	-	11,384
Depreciation and disposition losses	19,753	-	-	(19,753)	-	(19,753)
Administrative:						
On-behalf payments	735,784	-	-	(735,784)	-	(735,784)
Total governmental activities	3,819,081	70,807	3,013,657	(734,617)	-	(734,617)
Business-type activities:						
Professional development	168,288	205,159	-	-	36,871	36,871
Total primary government	\$ 3,987,369	\$ 275,966	\$ 3,013,657	(734,617)	36,871	(697,746)
General revenues:						
State sources				167,847	-	167,847
On-behalf payments				735,784	-	735,784
Transfers				1,293	(1,293)	-
Total general revenues and transfers				904,924	(1,293)	903,631
CHANGE IN NET POSITION				170,307	35,578	205,885
NET POSITION, BEGINNING OF YEAR				(687,100)	718,996	31,896
NET POSITION, END OF YEAR				\$ (516,793)	\$ 754,574	\$ 237,781

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

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue				Total Governmental Funds
	General Fund	Education Fund	Institute	Other Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ -	\$ 210,968	\$ 147,240	\$ 15,260	\$ 373,468
Accounts receivable	-	1,704	-	-	1,704
Due from other governments	-	1,049,279	-	490	1,049,769
Total assets	-	1,261,951	147,240	15,750	1,424,941
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 1,261,951	\$ 147,240	\$ 15,750	\$ 1,424,941
LIABILITIES					
Accounts payable	\$ -	\$ 356,381	\$ 125	\$ -	\$ 356,506
Accrued expenses	-	34,547	1,780	-	36,327
Due to other governments	-	393,694	-	-	393,694
Due to other funds	-	409,325	-	-	409,325
Unearned revenue	-	70,850	-	-	70,850
Total liabilities	-	1,264,797	1,905	-	1,266,702
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	130,950	-	230	131,180
FUND BALANCE (DEFICIT)					
Restricted	-	-	145,335	15,520	160,855
Unassigned	-	(133,796)	-	-	(133,796)
Total fund balance (deficit)	-	(133,796)	145,335	15,520	27,059
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ -	\$ 1,261,951	\$ 147,240	\$ 15,750	\$ 1,424,941

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017**

Total fund balance of governmental funds (page 39)	\$	27,059
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		<u>44,923</u>
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are considered "unavailable" and are deferred inflows of resources in the governmental funds.		<u>131,180</u>
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources		199,260
Deferred inflows of resources		<u>(655,677)</u>
		<u>(456,417)</u>
Non-current liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Net pension liability		<u>(263,538)</u>
Net position of governmental activities (page 37)	\$	<u>(516,793)</u>

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

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute</u>	<u>Other Nonmajor Funds</u>	
REVENUES:					
Local sources	\$ -	\$ 108,182	\$ 44,982	\$ 4,202	\$ 157,366
State sources	97,645	2,168,102	-	1,285	2,267,032
Federal sources	-	736,430	-	-	736,430
On-behalf payments	328,555	-	-	-	328,555
Total revenues	<u>426,200</u>	<u>3,012,714</u>	<u>44,982</u>	<u>5,487</u>	<u>3,489,383</u>
EXPENDITURES:					
Education:					
Salaries and benefits	-	1,094,983	25,898	3,689	1,124,570
Pension expense	-	43,291	1,603	250	45,144
Purchased services	-	1,146,691	13,685	3,391	1,163,767
Supplies and materials	-	125,178	920	-	126,098
Payments to other governments	97,645	681,149	-	-	778,794
On-behalf payments	328,555	-	-	-	328,555
Capital outlay	-	15,521	-	-	15,521
Total expenditures	<u>426,200</u>	<u>3,106,813</u>	<u>42,106</u>	<u>7,330</u>	<u>3,582,449</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(94,099)	2,876	(1,843)	(93,066)
OTHER FINANCING SOURCES:					
Transfers in	-	1,293	-	-	1,293
NET CHANGE IN FUND BALANCE (DEFICIT)	-	(92,806)	2,876	(1,843)	(91,773)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	(40,990)	142,459	17,363	118,832
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (133,796)</u>	<u>\$ 145,335</u>	<u>\$ 15,520</u>	<u>\$ 27,059</u>

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017**

Net change in fund balance (page 41) \$ (91,773)

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	11,837
Depreciation and disposition losses	<u>(19,753)</u>
	<u>(7,916)</u>

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

Current year unavailable revenue	131,180
Prior year unavailable revenue	<u>(39,697)</u>
	<u>91,483</u>

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

<u>28,814</u>

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds.

Pension expense	<u>149,699</u>
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Change in net position of governmental activities (page 38) \$ 170,307

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Business-Type Activities Enterprise Fund
	<u>Workshops</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 315,355
Due from other governments	19,733
Due from other funds	409,325
Total current assets	744,413
Non-current assets:	
Capital assets, net of depreciation	3,884
Total assets	748,297
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	24,591
LIABILITIES	
Current liabilities:	
Accounts payable	2,162
Accrued expenses	5,158
Total current liabilities	7,320
Non-current liabilities:	
Net pension liability	10,994
Total liabilities	18,314
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	-
NET POSITION	
Net investment in capital assets	3,884
Unrestricted	750,690
TOTAL NET POSITION	\$ 754,574

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2017**

		Business-Type Activities Enterprise Fund
		<u>Workshops</u>
OPERATING REVENUES:		
Charges for services	\$	205,159
OPERATING EXPENSES:		
Salaries		83,545
Benefits		6,239
Pension expense		13,340
Purchased services		62,415
Supplies and materials		2,141
Depreciation and disposition losses		608
Total operating expenses		<u>168,288</u>
INCOME BEFORE TRANSFERS		36,871
Transfers out		<u>(1,293)</u>
CHANGE IN NET POSITION		35,578
NET POSITION, BEGINNING OF YEAR		<u>718,996</u>
NET POSITION, END OF YEAR	\$	<u>754,574</u>

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017**

	Business-Type Activities Enterprise Fund
	<u>Workshops</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for workshops and services	\$ 206,423
Payments to suppliers and providers of goods and services	(62,723)
Payments to employees	(93,959)
Net cash provided by operating activities	<u>49,741</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund loans	(164,139)
Transfers from (to) other funds	(1,293)
Net cash used in noncapital financing activities	<u>(165,432)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(3,579)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(119,270)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>434,625</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 315,355</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 36,871
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and disposition losses	608
Effects of changes in assets and liabilities:	
Accounts receivable	1,945
Due from other governments	(681)
Net pension asset	4,117
Deferred outflows related to pensions	(6,366)
Accounts payable	1,833
Accrued expenses	837
Net pension liability	10,994
Deferred inflows related to pensions	(417)
Net cash provided by operating activities	<u><u>\$ 49,741</u></u>

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ <u>11,167</u>
LIABILITIES	
Due to plan participants	\$ <u>11,167</u>

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rock Island County Regional Office of Education No. 49 was created when an Educational Service Region became a Regional Office of Education on August 7, 1995. The Rock Island County Regional Office of Education No. 49 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education encompasses Rock Island County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of Rock Island County Regional Office of Education No. 49 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 functions of the Rock Island County Regional Office of Education No. 49 also include, but are not limited to, the following:

- Processing teacher licensures;
- Teaching initial and refresher classes for school bus drivers within Rock Island County Regional Office of Education No. 49;
- Review life/safety requirements for schools in conjunction with the State of Illinois;
- Issuing newsletters regarding new Illinois life/safety requirements;
- Monitoring compliance with State laws and Department of Education policies and procedures;
- Providing directions to teachers and school officials on science, art, and teaching methods;
- Implementing the State Board of Education's Policy Programs; and
- Encouraging camaraderie among teachers through the teachers' institute.

The Regional Office of Education No. 49's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental agencies of this type.

A. Principles Used to Determine the Scope of the Reporting Entity

The Rock Island County Regional Office of Education No. 49's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Rock Island County Regional Office of Education No. 49 has developed criteria to determine whether outside agencies with activities which benefit the citizens of Rock Island County Regional Office of Education No. 49, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether Rock Island County Regional Office of Education No. 49 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.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Rock Island County Regional Office of Education No. 49 has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the Regional Office of Education No. 49's financial statements. In addition, the Regional Office of Education No. 49 is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education No. 49 being considered a component unit of the entity.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of Rock Island County Regional Office of Education No. 49. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by intergovernmental and local revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position includes all the Rock Island County Regional Office of Education No. 49's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position are reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for any debt 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 consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those 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 and 2) grants, contributions and interest restricted to meeting the operational requirements or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Rock Island County Regional Office of Education No. 49 reports the following major governmental funds:

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 for in another fund. The General Fund accounts include the following:

General State Aid - to account for general state aid monies.

General Fund - to account for on-behalf payments made by Rock Island County and the State on the Regional Office of Education No. 49's behalf.

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. The Regional Office of Education No. 49's Major Special Revenue Funds include the following:

The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of Rock Island County Regional Office of Education No. 49's teachers. Fees are collected from teacher license registrations. Monies are expended to conduct teachers' institutes, conferences, and workshops and defray expenses related to technology improvements and administrative processing of licenses. All funds generated remain restricted until expended only on the aforementioned activities.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Education 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. The Regional Office of Education No. 49's Education Fund accounts include the following:

Title IV - 21st Century John Deere Middle School - to account for grant monies received for, and payment of, the 21st Century program at John Deere Middle School.

Title IV - 21st Century Moline High School - to account for grant monies received for, and payment of, the 21st Century program at Moline High School.

Title IV - 21st Century Glenview Middle School - to account for grant monies received for, and payment of, the 21st Century program at Glenview Middle School.

Title IV - 21st Century Hanson Elementary School - to account for grant monies received for, and payment of, the 21st Century program at Hanson Elementary School.

Early Childhood Ages 0-3 - to account for grant monies received for, and payment of, expenses of early childhood education for children ages 0-3.

Early Childhood Ages 3-5 - to account for grant monies received for, and payment of, expenses of early childhood education for children ages 3-5.

Early Childhood Cohort - to provide coursework for licensed teachers to earn an ESL or bilingual endorsement for implementation of appropriate language instruction.

Truants Alt. and Optional Education - to account for grant monies received for, and payment of, expenses of Truants Alt. and Optional Education Program.

McKinney Education for Homeless Children - to account for grant monies received for, and payment of, expenses for programs for educating homeless children.

Regional System of Support Provider (RESPRO) - to account for grant monies received for, and expenditures incurred to, provide technical assistance to districts and schools in academic status.

Partnerships To Improve Community Health - to improve community health and reduce burdens of chronic diseases.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Preschool Development - used to account for grant monies received to build or enhance a preschool program infrastructure and expand high quality preschool programs in targeted communities.

ROE Operations Fund - used to account for the operating fund of the Regional Office of Education No. 49.

Technology for Success - used to account for grant monies received for and payments of, the Learning Technology Center Program.

Regional Safe Schools Program - used to account for grant monies received for, and payments of, the Regional Safe Schools Program.

Teacher Quality Program - used to account for grant monies received for, and expenditure incurred to, support programs associated with increasing the academic achievement of all students by helping school and school districts improve teacher and principal quality.

School Wellness - used to account for grant monies received for, and payments of, the Partnerships to Improve Community Health - School Wellness program.

Nutrition Curriculum - used to account for community foundation monies received for building and increasing nutrition curriculum materials among school districts in Scott County, Iowa, and Rock Island County, Illinois.

New Teacher Induction and Mentoring Program - used to account for grant monies received to support new teachers by providing teacher mentors and professional growth opportunities which in turn will improve teacher quality.

Rock Island County Regional Office of Education No. 49's Non-Major Special Revenue Funds include the following:

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

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

Rock Island County Regional Office of Education No. 49's proprietary fund is the Enterprise Workshops Fund. This fund is used to account for workshops provided by the Rock Island County Regional Office of Education No. 49.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rock Island County Regional Office of Education No. 49 reports fiduciary funds which are used to account for assets held by the Regional Office of Education No. 49 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Rock Island County Regional Office of Education No. 49's fiduciary funds include the following:

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The Regional Superintendent maintains the following Agency Funds:

Distributive - used to account for funds distributed by the Illinois State Board of Education to Rock Island County Regional Office of Education No. 49. Rock Island County Regional Office of Education No. 49 is responsible for forwarding these monies to local school districts and private schools in Rock Island County.

Cafeteria Plan - used to account for funds collected through payroll deductions from participating employees. Rock Island County Regional Office of Education No. 49 is responsible for reimbursing the cost of employees' medical expenses.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are unavailable revenue in the governmental fund financial statements but not recognized as current revenue in the government-wide financial statements.

Rock Island County Regional Office of Education No. 49 records on-behalf payments made by Rock Island County and the State to the Teachers' Retirement System as revenue and expenditures.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, Rock Island County Regional Office of Education No. 49 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 sources available to finance the program. It is Rock Island County Regional Office of Education No. 49's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned, then unassigned, if any.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Rock Island County Regional Office of Education No. 49's Enterprise Fund are charges to customers for services provided in workshops. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Rock Island County Regional Office of Education No. 49 maintains its financial records on the cash basis. The financial statements of Rock Island County Regional Office of Education No. 49 are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash and investments - The Rock Island County Regional Office of Education No. 49 considers cash on hand, checking accounts, savings accounts, money market accounts, and short term investments with maturity dates under 3 months to be cash and cash equivalents.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets - Capital assets, which include furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Rock Island County Regional Office of Education No. 49 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

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

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

Pensions - For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement System (IMRF) and 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.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 period or expected to be collected soon enough to be used to pay liabilities of the current period. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Restricted net position - In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes.

Fund Balance

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

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

Restricted Fund Balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois Statue: Institute, General Education Development, and School Bus Driver Training.

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

Assigned Fund Balance - The portion of a governmental fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts presenting an assigned fund balance.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned Fund Balance - Available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: Title IV - 21st Century Moline High School, Title IV - 21st Century Glenview Middle School, Title IV - 21st Century Hanson Elementary School, Early Childhood Cohort, Truants Alt. and Optional Education, McKinney Education for Homeless Children, Preschool Development, ROE Operations Fund, and Regional Safe Schools Program.

Budgets - The Regional Office of Education No. 49 does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not required to do so. Certain programs administered by the Regional Office of Education No. 49 are subject to budget approval by the State of Illinois including: Title IV - 21st Century John Deere Middle School, Title IV - 21st Century Moline High School, Title IV - 21st Century Glenview Middle School, Title IV - 21st Century Hanson Elementary School, Early Childhood Ages 0-3, Early Childhood Ages 3-5, Truants Alt. and Optional Education, McKinney Education for Homeless Children, Partnerships to Improve Community Health, Preschool Development, ROE Operations Fund, Regional Safe Schools Program, Teacher Quality Program, and New Teacher Induction and Mentoring Program.

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

E. Subsequent Events

Management has evaluated subsequent events through September 11, 2018, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

The deposits of Rock Island County Regional Office of Education No. 49 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2017, the carrying amount of Rock Island County Regional Office of Education No. 49's deposits was \$699,990 and the bank balance was \$778,635.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Rock Island County Regional Office of Education No. 49's deposits may not be returned. Rock Island County Regional Office of Education No. 49 does not have a deposit policy for custodial credit risk. Rock Island County Regional Office of Education No. 49's deposits were covered by FDIC insurance of \$250,000 at June 30, 2017 and additionally covered by collateral held by the financial institution in Rock Island County Regional Office of Education No. 49's name.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Investments

The Regional Office of Education No. 49 does not have a formal investment policy. However, the Regional Office of Education No. 49 is authorized under the State of Illinois Public Funds Investment Act to invest in various financial instruments including Illinois Funds. At June 30, 2017 the Regional Office of Education No. 49 had investments with carrying and fair values of \$3,468 invested in the Illinois Funds Money Market Fund. The balance includes \$2,468 in the institute fund and \$1,000 in the distributive fund which are included in cash and cash equivalents.

Credit Risk - At June 30, 2017, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act (30 ILCS 235). 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 investment options with a competitive rate of return on fully collateralized investments and immediate access to funds. The investment policy of the Illinois Funds Money Market Fund states that unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Concentration of Credit Risk - Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of 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.

A reconciliation of cash and cash equivalents is as follows:

	<u>Carrying Amount</u>
Cash and cash equivalents - Governmental Activities:	
Bank Deposits	\$ 370,000
Cash and cash equivalents - Governmental Activities:	
Illinois Funds	3,468
Cash and cash equivalents - Business-type Activities	<u>315,355</u>
Total Statement of Net Position	<u>\$ 688,823</u>
Cash and cash equivalents - Fiduciary Activities:	
Bank Deposits	\$ 11,167
Cash and cash equivalents - Fiduciary Activities:	
Illinois Funds	<u>-</u>
Total Statement of Fiduciary Net Position	<u>\$ 11,167</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - DUE FROM/TO OTHER GOVERNMENTS

Amounts due from/to other governments as of June 30, 2017 are as follows:

Due From Other Governments

Education Fund	
Local governments	\$ 33,371
Illinois State Board of Education	1,016,398
Proprietary Fund	
Local governments	19,733
Total	<u>\$ 1,069,502</u>

Due To Other Governments

Education Fund	
Local governments	\$ 266,614
Illinois State Board of Education	127,080
Total	<u>\$ 393,694</u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>June 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 161,653	\$ 11,837	\$ (3,751)	\$ 169,739
Accumulated depreciation	<u>(108,814)</u>	<u>(19,707)</u>	<u>3,705</u>	<u>(124,816)</u>
Governmental activities capital assets, net	<u>\$ 52,839</u>	<u>\$ (7,870)</u>	<u>\$ (46)</u>	<u>\$ 44,923</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 24,418	\$ 3,579	\$ -	\$ 27,997
Accumulated depreciation	<u>(23,505)</u>	<u>(608)</u>	<u>-</u>	<u>(24,113)</u>
Business-type activities capital assets, net	<u>\$ 913</u>	<u>\$ 2,971</u>	<u>\$ -</u>	<u>\$ 3,884</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as follows:

Governmental activities:

Instruction:

Depreciation expense \$ 19,707

Business-type activities:

Other:

Depreciation expense \$ 608

NOTE 5 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan description

Rock Island County Regional Office of Education No. 49 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 nonannuitants 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 <http://trsil.org>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits provided

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 49.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 49. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education No. 49 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 49, and the Regional Office of Education No. 49 recognized revenue and expenditures of \$407,229 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$2,931 and are deferred because they were paid after the June 30, 2016 measurement date.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 49, there is a statutory requirement for the Regional Office of Education No. 49 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$22,493 were paid from federal and special trust funds that required employer contributions of \$8,669. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 49 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education No. 49 paid no employer contributions under the ERO program for retirements that occurred before July 1, 2016.

The Regional Office of Education No. 49 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017 the Regional Office of Education No. 49 did not make any employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, the Regional Office of Education No. 49 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 Regional Office of Education No. 49 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 Regional Office of Education No. 49 were as follows:

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Employer's proportionate share of the net pension liability	\$ 189,961
State's proportionate share of the net pension liability associated with the Regional Office of Education No. 49	<u>4,146,681</u>
Total	<u>\$ 4,336,642</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education No. 49's proportion of the net pension liability was based on the Regional Office of Education No. 49's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, the Regional Office of Education No. 49's proportion was .0002406516 percent, which was a decrease of .0001206609 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education No. 49 recognized pension expense of \$407,229 and revenue of \$407,229 for support provided by the state. For the year ended June 30, 2017, the Regional Office of Education No. 49 recognized pension benefit of \$236,697. At June 30, 2017, the Regional Office of Education No. 49 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	\$ 1,405	\$ 129
Net difference between projected and actual earnings on pension plan investment	5,367	-
Changes of assumptions	16,315	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	655,548
Employer contributions subsequent to the measurement date	<u>11,600</u>	<u>-</u>
Total	<u>\$ 34,687</u>	<u>\$ 655,677</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

\$11,600 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ (250,078)
2019	(250,078)
2020	(120,329)
2021	(9,714)
2022	<u>(2,391)</u>
Total	<u>\$ (632,590)</u>

Actuarial assumptions

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

Inflation	2.50 percent
Salary increases	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.

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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

<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. Bonds Core	10.7	2.44
International Debt Developed	5.3	1.70
Real Estate	15.0	5.44
Commodities (Real Return)	11.0	4.28
Hedge Funds (Absolute Return)	8.0	4.16
Private Equity	14.0	10.63
Total	100%	

Discount rate

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

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

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Sensitivity of the Regional Office of Education No. 49's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 49's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the Regional Office of Education No. 49's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Regional Office of Education No. 49's proportionate share of the net pension liability	<u>\$ 232,330</u>	<u>\$ 189,961</u>	<u>\$ 155,357</u>

TRS fiduciary net position

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

Illinois Municipal Retirement System

IMRF Plan Description

Rock Island County Regional Office of Education No. 49'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 No. 49'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 "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.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	8
Inactive Plan Members entitled to but not yet receiving benefits	21
Active Plan Members	<u>15</u>
Total	44

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Contributions

As set by statute, the Regional Office of Education No. 49'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 No. 49's annual contribution rate for calendar year 2016 was 6.71%. For the calendar year ended 2016, the Regional Office of Education No. 49 contributed \$38,348 to the plan. The Regional Office of Education No. 49 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education No. 49's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

<u>Asset Class</u>	<u>Portfolio Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17	6.75
Fixed Income	27	3.00
Real Estate	8	5.75
Alternative Investments	9	2.65-7.35
Cash Equivalents	1	2.25
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Changes in the Net Pension (Asset) Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(A)	(B)	(A) - (B)
Balances at December 31, 2015	\$ 1,420,286	\$ 1,454,597	\$ (34,311)
Changes for the year:			
Service cost	55,143	-	55,143
Interest on the total pension liability	106,062	-	106,062
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension (asset) liability	127,125	-	127,125
Changes of assumptions	-	-	-
Contributions - employer	-	38,348	(38,348)
Contributions - employees	-	25,719	(25,719)
Net investment income	-	106,863	(106,863)
Benefit payments, including refunds of employee contributions	(70,463)	(70,463)	-
Other (net transfer)	-	(1,482)	1,482
Net changes	<u>217,867</u>	<u>98,985</u>	<u>118,882</u>
Balances at December 31, 2016	<u>\$ 1,638,153</u>	<u>\$ 1,553,582</u>	<u>\$ 84,571</u>

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension (asset) liability	<u>\$ 295,867</u>	<u>\$ 84,571</u>	<u>\$ (87,354)</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - RETIREMENT FUND COMMITMENTS (CONTINUED)

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

For the year ended June 30, 2017, the Regional Office of Education No. 49 recognized pension expense of \$116,668. At June 30, 2017, the Regional Office of Education No. 49 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred amounts related to pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 93,575	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>75,803</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>169,378</u>	<u>-</u>
Employer contributions subsequent to the measurement date	<u>19,786</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 189,164</u></u>	<u><u>\$ -</u></u>

\$19,786 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 (asset) liability in the reporting year ended June 30, 2018.

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 75,550
2018	67,469
2019	24,280
2020	<u>2,079</u>
Total	<u><u>\$ 169,378</u></u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Teachers Health Insurance Security Fund

Rock Island County Regional Office of Education No. 49 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

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

- **On-behalf Contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 49. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$5,659, and the Regional Office of Education No. 49 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2016 and June 30, 2015 were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of the Regional Office of Education No. 49's employees were \$5,590 and \$8,329, respectively.
- **Employer Contributions to the THIS Fund.** The Regional Office of Education No. 49 also makes contributions to the THIS Fund. The Regional Office of Education No. 49 THIS Fund contribution was 0.84 percent during the year ended June 30, 2017 and 0.80 and 0.76 percent during the years ended June 30, 2016 and June 30, 2015, respectively. For the year ended June 30, 2017, the Regional Office of Education No. 49 paid \$4,245 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 49 paid \$4,179 and \$4,601, respectively, which was 100 percent of the required contributions.

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

NOTE 7 - ON-BEHALF PAYMENTS

The State of Illinois, or as specified the county, paid the following salaries, benefits, and contributions on-behalf of the Regional Office of Education No. 49:

Regional Superintendent salary	\$ 112,008
Regional Superintendent benefits (Includes State paid insurance)	33,735
Assistant Regional Superintendent salary	101,520
Assistant Regional Superintendent benefits (Includes State paid insurance)	22,916
County On-behalf payments	52,717
THIS On-behalf payments	<u>5,659</u>
Total	<u>\$ 328,555</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The data for the county employee was provided by the county. The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 49 also recorded \$407,229 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 49 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois and county On-behalf payment	\$ 328,555
Regional Office of Education No. 49’s share of TRS pension expense	<u>407,229</u>
Total	<u>\$ 735,784</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - DEFICIT FUND BALANCES

At June 30, 2017, the following funds had deficit fund balances.

Education Fund	
Title IV - 21st Century Moline High School	\$ (1)
Title IV - 21st Century Glenview Middle School	(16,365)
Title IV - 21st Century Hanson Elementary School	(30,597)
Early Childhood Cohort	(4,537)
Truants Alt. and Optional Education	(31,039)
McKinney Education for Homeless Children	(11,423)
Preschool Development	(697)
ROE Operations Fund	(1)
Regional Safe Schools Program	<u>(39,136)</u>
Total	<u>\$ (133,796)</u>

NOTE 9 - RISK MANAGEMENT

Rock Island County Regional Office of Education No. 49 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Rock Island County Regional Office of Education No. 49 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 10 - DUE FROM/TO FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2017 were:

	<u>Due From</u>	<u>Due To</u>
Education Fund		
Title IV - 21st Century John Deere Middle School	\$ -	\$ 23,258
Title IV - 21st Century Moline High School		13,752
Title IV - 21st Century Glenview Middle School	-	32,341
Title IV - 21st Century Hanson Elementary School	-	3,345
Early Childhood Ages 0-3	-	111,029
Early Childhood Ages 3-5	-	63,045
Truants Alt. and Optional Education	-	62,005
McKinney Education for Homeless Children	-	10,822
RESPRO	-	10,224
Partnerships to Improve Community Health	-	7,309
Preschool Development	-	60,012

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 - DUE FROM/TO FUNDS (CONTINUED)

	<u>Due From</u>	<u>Due To</u>
Regional Safe Schools Program	\$ -	\$ 10,187
Teacher Quality Program	-	1,996
Workshops	<u>409,325</u>	<u>-</u>
Total	<u>\$ 409,325</u>	<u>\$ 409,325</u>

NOTE 11 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Education Fund		
RESPRO	\$ 1,293	\$ -
Proprietary Fund		
Workshops	<u>-</u>	<u>1,293</u>
Total	<u>\$ 1,293</u>	<u>\$ 1,293</u>

NOTE 12 - NEW PRONOUNCEMENTS

In 2017, Rock Island County Regional Office of Education No. 49 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB No. 77, *Tax Abatements*; GASB No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*; GASB No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*; and GASB No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Regional Office of Education No. 49 implemented these standards during the current year; however, they had no significant impact on the financial statements.

NOTE 13 - PROSPECTIVE ACCOUNTING CHANGE

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

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

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	.0002406516%	.0003613125%	.0011529520%
Employer's proportionate share of the net pension liability	\$ 189,961	\$ 236,696	\$ 701,667
State's proportionate share of the net pension liability associated with the employer	<u>4,146,681</u>	<u>3,920,156</u>	<u>1,737,501</u>
Total	<u>\$ 4,336,642</u>	<u>\$ 4,156,852</u>	<u>\$ 2,439,168</u>
Employer's covered-employee payroll	\$ 614,500	\$ 721,862	\$ 772,399
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.9%	32.8%	90.8%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	41.5%	43.0%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 11,600	\$ 9,320	\$ 12,660	\$ 40,789
Contributions in relation to the statutorily-required contribution	<u>11,600</u>	<u>9,320</u>	<u>12,544</u>	<u>47,061</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116</u>	<u>\$ (6,272)</u>
Employer's covered-employee payroll	\$ 614,500	\$ 614,500	\$ 721,862	\$ 772,399
Contributions as a percentage of covered-employee payroll	1.89%	1.52%	1.74%	6.09%

Notes to Required Supplementary Information

Changes of assumptions

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

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

For the 2014 measurement year, the assumed investment rate of return was 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.

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

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF CHANGES IN THE NET
PENSION (ASSET) LIABILITY AND RELATED RATIOS
ILLINIOS MUNICIPAL RETIREMENT FUND
LAST THREE CALENDAR YEARS**

Calendar year ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 55,143	\$ 51,124	\$ 57,452
Interest on the total pension liability	106,062	97,973	89,658
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension (asset) liability	127,125	27,470	(14,428)
Changes of assumptions	-	-	56,681
Benefit payments, including refunds of employee contributions	<u>(70,463)</u>	<u>(70,992)</u>	<u>(81,191)</u>
Net change in total pension liability	217,867	105,575	108,172
Total pension liability - beginning	<u>1,420,286</u>	<u>1,314,711</u>	<u>1,206,539</u>
Total pension liability - ending (A)	<u>\$ 1,638,153</u>	<u>\$ 1,420,286</u>	<u>\$ 1,314,711</u>
Plan fiduciary net position			
Contributions - employer	\$ 38,348	\$ 33,008	\$ 46,970
Contributions - employees	25,719	21,653	21,264
Net investment income	106,863	638	80,594
Benefit payments, including refunds of employee contributions	(70,463)	(70,992)	(81,191)
Other (net transfer)	<u>(1,482)</u>	<u>(89)</u>	<u>(1,063)</u>
Net change in plan fiduciary net position	98,985	(15,782)	66,574
Plan fiduciary net position - beginning	<u>1,454,597</u>	<u>1,470,379</u>	<u>1,403,805</u>
Plan fiduciary net position - ending (B)	<u>\$ 1,553,582</u>	<u>\$ 1,454,597</u>	<u>\$ 1,470,379</u>
Net pension (asset) liability - ending (A) - (B)	<u>\$ 84,571</u>	<u>\$ (34,311)</u>	<u>\$ (155,668)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.84%	102.42%	111.84%
Covered valuation payroll	\$ 571,524	\$ 481,174	\$ 472,536
Net pension (asset) liability as a percentage of covered valuation payroll	14.80%	-7.13%	-32.94%

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.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION No. 49
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST THREE CALENDAR YEARS**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 44,040	\$ 46,970	\$ (2,930)	\$ 472,536	9.94%
2015	33,009	33,008	1	481,174	6.86%
2016	38,349	38,348	1	571,524	6.71%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method:

Aggregate entry age = normal

Amortization Method:

Level percentage of payroll, closed

Remaining Amortization Period:

27-year closed period

Asset Valuation Method:

5-year smoothed market; 20% corridor

Wage Growth:

3.5%

Price Inflation:

2.75%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases:

3.75% to 14.50%, including inflation

Investment Rate of Return:

7.50%

Retirement Age:

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.

Mortality:

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

Other Information:

Notes:

There were no benefit changes during the year.

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

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

SUPPLEMENTARY INFORMATION

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2017

	<u>General State Aid</u>	<u>General Fund</u>	<u>Total</u>
ASSETS			
None	\$ -	\$ -	\$ -
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
None	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
None	-	-	-
FUND BALANCE			
None	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2017

	<u>General State Aid</u>	<u>General Fund</u>	<u>Totals</u>
REVENUES:			
State sources	\$ 97,645	\$ -	\$ 97,645
On-behalf payments	-	328,555	328,555
Total revenues	<u>97,645</u>	<u>328,555</u>	<u>426,200</u>
EXPENDITURES:			
Education:			
Payments to other governments	97,645	-	97,645
On-behalf payments	-	328,555	328,555
Total expenditures	<u>97,645</u>	<u>328,555</u>	<u>426,200</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017**

	<u>Title IV - 21st Century John Deere Middle School</u>	<u>Title IV - 21st Century Moline High School</u>	<u>Title IV - 21st Century Glenview Middle School</u>	<u>Title IV - 21st Century Hanson Elementary School</u>	<u>Early Childhood Ages 0-3</u>	<u>Early Childhood Ages 3-5</u>	<u>Early Childhood Cohort</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,251
Accounts receivable	-	-	-	-	-	-	1,704
Due from other governments	<u>58,898</u>	<u>65,495</u>	<u>49,487</u>	<u>34,720</u>	<u>226,784</u>	<u>382,985</u>	<u>1,217</u>
Total assets	<u>58,898</u>	<u>65,495</u>	<u>49,487</u>	<u>34,720</u>	<u>226,784</u>	<u>382,985</u>	<u>6,172</u>
DEFERRED OUTFLOWS OF RESOURCES							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 58,898</u>	<u>\$ 65,495</u>	<u>\$ 49,487</u>	<u>\$ 34,720</u>	<u>\$ 226,784</u>	<u>\$ 382,985</u>	<u>\$ 6,172</u>
LIABILITIES							
Accounts payable	\$ -	\$ 479	\$ 23	\$ 22	\$ 115,755	\$ 223,993	\$ -
Accrued expenses	-	410	402	402	-	25,233	-
Due to other governments	35,640	50,855	16,721	30,953	-	70,714	8,762
Due to other funds	23,258	13,752	32,341	3,345	111,029	63,045	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>58,898</u>	<u>65,496</u>	<u>49,487</u>	<u>34,722</u>	<u>226,784</u>	<u>382,985</u>	<u>8,762</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>-</u>	<u>-</u>	<u>16,365</u>	<u>30,595</u>	<u>-</u>	<u>-</u>	<u>1,947</u>
FUND BALANCE (DEFICIT)							
Unassigned	<u>-</u>	<u>(1)</u>	<u>(16,365)</u>	<u>(30,597)</u>	<u>-</u>	<u>-</u>	<u>(4,537)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 58,898</u>	<u>\$ 65,495</u>	<u>\$ 49,487</u>	<u>\$ 34,720</u>	<u>\$ 226,784</u>	<u>\$ 382,985</u>	<u>\$ 6,172</u>

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017

	Truants Alt. and Optional Education	McKinney Education for Homeless Children	RESPRO	Partnerships to Improve Community Health	Preschool Development	ROE Operations Fund	Technology for Success
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,864	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	62,071	11,423	11,628	8,613	72,683	-	-
Total assets	62,071	11,423	11,628	8,613	72,683	16,864	-
DEFERRED OUTFLOWS OF RESOURCES							
None	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 62,071	\$ 11,423	\$ 11,628	\$ 8,613	\$ 72,683	\$ 16,864	\$ -
LIABILITIES							
Accounts payable	\$ 66	\$ 601	\$ 248	\$ -	\$ 8,772	\$ 3,061	\$ -
Accrued expenses	-	-	1,156	1,304	2,428	242	-
Due to other governments	-	-	-	-	1,750	-	-
Due to other funds	62,005	10,822	10,224	7,309	60,012	-	-
Unearned revenue	-	-	-	-	-	13,562	-
Total liabilities	62,071	11,423	11,628	8,613	72,962	16,865	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	31,039	11,423	-	-	418	-	-
FUND BALANCE (DEFICIT)							
Unassigned	(31,039)	(11,423)	-	-	(697)	(1)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 62,071	\$ 11,423	\$ 11,628	\$ 8,613	\$ 72,683	\$ 16,864	\$ -

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017

	<u>Regional Safe Schools Program</u>	<u>Teacher Quality Program</u>	<u>School Wellness</u>	<u>Nutrition Curriculum</u>	<u>New Teacher Induction and Mentoring Program</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 20,459	\$ 37,741	\$ 132,653	\$ 210,968
Accounts receivable	-	-	-	-	-	1,704
Due from other governments	61,279	1,996	-	-	-	1,049,279
Total assets	<u>61,279</u>	<u>1,996</u>	<u>20,459</u>	<u>37,741</u>	<u>132,653</u>	<u>1,261,951</u>
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 61,279</u>	<u>\$ 1,996</u>	<u>\$ 20,459</u>	<u>\$ 37,741</u>	<u>\$ 132,653</u>	<u>\$ 1,261,951</u>
LIABILITIES						
Accounts payable	\$ 263	\$ -	\$ -	\$ -	\$ 3,098	\$ 356,381
Accrued expenses	-	-	912	-	2,058	34,547
Due to other governments	50,802	-	-	-	127,497	393,694
Due to other funds	10,187	1,996	-	-	-	409,325
Unearned revenue	-	-	19,547	37,741	-	70,850
Total liabilities	<u>61,252</u>	<u>1,996</u>	<u>20,459</u>	<u>37,741</u>	<u>132,653</u>	<u>1,264,797</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	39,163	-	-	-	-	130,950
FUND BALANCE (DEFICIT)						
Unassigned	(39,136)	-	-	-	-	(133,796)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 61,279</u>	<u>\$ 1,996</u>	<u>\$ 20,459</u>	<u>\$ 37,741</u>	<u>\$ 132,653</u>	<u>\$ 1,261,951</u>

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

SCHEDULE 4

	Title IV - 21st Century John Deere <u>Middle School</u>	Title IV - 21st Century Moline <u>High School</u>	Title IV - 21st Century Glenview <u>Middle School</u>	Title IV - 21st Century Hanson <u>Elementary School</u>	Early Childhood <u>Ages 0-3</u>	Early Childhood <u>Ages 3-5</u>	Early Childhood <u>Cohort</u>
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,743
State sources	-	-	-	-	394,204	1,538,901	-
Federal sources	115,505	118,905	116,038	72,875	-	-	5,770
Total revenues	<u>115,505</u>	<u>118,905</u>	<u>116,038</u>	<u>72,875</u>	<u>394,204</u>	<u>1,538,901</u>	<u>25,513</u>
EXPENDITURES:							
Education:							
Salaries	6,861	4,853	7,807	6,151	159,832	608,493	-
Benefits	477	396	621	495	11,766	20,659	-
Pension expense	357	233	234	233	10,674	11,803	-
Purchased services	7,426	8,579	7,595	4,468	191,492	771,919	18,556
Supplies and materials	1,660	637	527	335	12,853	27,458	1,868
Payment to other governments	98,724	81,120	103,509	87,954	-	96,214	9,329
Capital outlay	-	-	-	-	7,587	2,355	-
Total expenditures	<u>115,505</u>	<u>95,818</u>	<u>120,293</u>	<u>99,636</u>	<u>394,204</u>	<u>1,538,901</u>	<u>29,753</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	23,087	(4,255)	(26,761)	-	-	(4,240)
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	-	23,087	(4,255)	(26,761)	-	-	(4,240)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	(23,088)	(12,110)	(3,836)	-	-	(297)
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (16,365)</u>	<u>\$ (30,597)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,537)</u>

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

SCHEDULE 4
(CONTINUED)

	Truants Alt. and Optional <u>Education</u>	McKinney Education for Homeless <u>Children</u>	<u>RESPRO</u>	Partnerships to Improve Community <u>Health</u>	<u>Preschool Development</u>	ROE Operations <u>Fund</u>	<u>Technology for Success</u>
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	31,032	-	-	-	-	106,988	-
Federal sources	-	-	67,538	40,538	195,165	-	-
Total revenues	<u>31,032</u>	<u>-</u>	<u>67,538</u>	<u>40,538</u>	<u>195,165</u>	<u>106,988</u>	<u>-</u>
EXPENDITURES:							
Education:							
Salaries	48,071	9,466	19,661	33,048	49,005	34,879	-
Benefits	3,622	722	1,281	2,492	2,996	2,668	-
Pension expense	3,274	635	1,313	2,067	9,203	-	-
Purchased services	5,968	600	42,770	2,869	9,957	61,421	-
Supplies and materials	1,136	-	2,513	62	11,371	2,442	-
Payment to other governments	-	-	-	-	112,964	-	-
Capital outlay	-	-	-	-	-	5,579	-
Total expenditures	<u>62,071</u>	<u>11,423</u>	<u>67,538</u>	<u>40,538</u>	<u>195,496</u>	<u>106,989</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,039)	(11,423)	-	-	(331)	(1)	-
OTHER FINANCING SOURCES:							
Transfers in	-	-	1,293	-	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	(31,039)	(11,423)	1,293	-	(331)	(1)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	(1,293)	-	(366)	-	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (31,039)</u>	<u>\$ (11,423)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (697)</u>	<u>\$ (1)</u>	<u>\$ -</u>

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

SCHEDULE 4
(CONTINUED)

	Regional Safe Schools Program	Teacher Quality Program	School Wellness	Nutrition Curriculum	New Teacher Induction and Mentoring Program	Totals
REVENUES:						
Local sources	\$ -	\$ -	\$ 29,980	\$ 58,459	\$ -	\$ 108,182
State sources	44,232	-	-	-	52,745	2,168,102
Federal sources	-	4,096	-	-	-	736,430
Total revenues	44,232	4,096	29,980	58,459	52,745	3,012,714
EXPENDITURES:						
Education:						
Salaries	24,375	-	24,696	-	5,518	1,042,716
Benefits	1,905	-	1,924	-	243	52,267
Pension expense	1,624	-	1,632	-	9	43,291
Purchased services	3,796	4,096	1,728	-	3,451	1,146,691
Supplies and materials	866	-	-	58,459	2,991	125,178
Payment to other governments	50,802	-	-	-	40,533	681,149
Capital outlay	-	-	-	-	-	15,521
Total expenditures	83,368	4,096	29,980	58,459	52,745	3,106,813
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(39,136)	-	-	-	-	(94,099)
OTHER FINANCING SOURCES:						
Transfers in	-	-	-	-	-	1,293
NET CHANGE IN FUND BALANCE (DEFICIT)	(39,136)	-	-	-	-	(92,806)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	-	-	-	-	(40,990)
FUND BALANCE (DEFICIT), END OF YEAR	\$ (39,136)	\$ -	\$ -	\$ -	\$ -	\$ (133,796)

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017**

	Title IV - 21st Century John Deere Middle School				Title IV - 21st Century Moline High School			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	135,000	135,000	115,505	(19,495)	135,000	135,000	118,905	(16,095)
Total revenues	<u>135,000</u>	<u>135,000</u>	<u>115,505</u>	<u>(19,495)</u>	<u>135,000</u>	<u>135,000</u>	<u>118,905</u>	<u>(16,095)</u>
EXPENDITURES:								
Education:								
Salaries	6,019	6,019	6,861	(842)	6,669	6,669	4,853	1,816
Benefits	709	709	477	232	761	761	396	365
Pension expense	-	-	357	(357)	-	-	233	(233)
Purchased services	4,776	4,776	7,426	(2,650)	4,822	4,822	8,579	(3,757)
Supplies and materials	1,996	1,996	1,660	336	1,248	1,248	637	611
Payments to other governments	121,500	121,500	98,724	22,776	121,500	121,500	81,120	40,380
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>115,505</u>	<u>19,495</u>	<u>135,000</u>	<u>135,000</u>	<u>95,818</u>	<u>39,182</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>23,087</u>	<u>\$ 23,087</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			<u>-</u>				<u>-</u>	
NET CHANGE IN FUND BALANCE			-				23,087	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				(23,088)	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ -</u>				<u>\$ (1)</u>	

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

	Title IV - 21st Century Glenview Middle School				Title IV - 21st Century Hanson Elementary School			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	135,000	135,000	116,038	(18,962)	103,500	103,500	72,875	(30,625)
Total revenues	135,000	135,000	116,038	(18,962)	103,500	103,500	72,875	(30,625)
EXPENDITURES:								
Education:								
Salaries	6,669	6,669	7,807	(1,138)	6,093	6,093	6,151	(58)
Benefits	760	760	621	139	716	716	495	221
Pension expense	-	-	234	(234)	-	-	233	(233)
Purchased services	4,498	4,498	7,595	(3,097)	3,181	3,181	4,468	(1,287)
Supplies and materials	1,573	1,573	527	1,046	360	360	335	25
Payments to other governments	121,500	121,500	103,509	17,991	93,150	93,150	87,954	5,196
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	135,000	135,000	120,293	14,707	103,500	103,500	99,636	3,864
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(4,255)	\$ (4,255)	\$ -	\$ -	(26,761)	\$ (26,761)
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			-				-	
NET CHANGE IN FUND BALANCE			(4,255)				(26,761)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(12,110)				(3,836)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (16,365)				\$ (30,597)	

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

	Early Childhood Ages 0-3				Early Childhood Ages 3-5			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	256,432	593,302	394,204	(199,098)	1,919,400	1,855,707	1,538,901	(316,806)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>256,432</u>	<u>593,302</u>	<u>394,204</u>	<u>(199,098)</u>	<u>1,919,400</u>	<u>1,855,707</u>	<u>1,538,901</u>	<u>(316,806)</u>
EXPENDITURES:								
Education:								
Salaries	155,375	251,265	159,832	91,433	775,591	611,633	608,493	3,140
Benefits	17,891	31,674	11,766	19,908	39,588	32,920	20,659	12,261
Pension expense	-	-	10,674	(10,674)	-	-	11,803	(11,803)
Purchased services	79,098	270,797	191,492	79,305	1,051,623	1,084,920	771,919	313,001
Supplies and materials	4,068	29,766	12,853	16,913	16,598	28,219	27,458	761
Payments to other governments	-	-	-	-	34,200	96,215	96,214	1
Capital outlay	-	9,800	7,587	2,213	1,800	1,800	2,355	(555)
Total expenditures	<u>256,432</u>	<u>593,302</u>	<u>394,204</u>	<u>199,098</u>	<u>1,919,400</u>	<u>1,855,707</u>	<u>1,538,901</u>	<u>316,806</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			<u>-</u>				<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>-</u>				<u>-</u>	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

	Truants Alt. and Optional Education				McKinney Education for Homeless Children			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	62,071	62,071	31,032	(31,039)	-	-	-	-
Federal sources	-	-	-	-	16,100	16,100	-	(16,100)
Total revenues	<u>62,071</u>	<u>62,071</u>	<u>31,032</u>	<u>(31,039)</u>	<u>16,100</u>	<u>16,100</u>	<u>-</u>	<u>(16,100)</u>
EXPENDITURES:								
Education:								
Salaries	47,500	47,500	48,071	(571)	11,166	11,166	9,466	1,700
Benefits	6,820	6,820	3,622	3,198	1,619	1,619	722	897
Pension expense	-	-	3,274	(3,274)	-	-	635	(635)
Purchased services	4,901	4,901	5,968	(1,067)	2,515	2,515	600	1,915
Supplies and materials	2,850	2,850	1,136	1,714	800	800	-	800
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>62,071</u>	<u>62,071</u>	<u>62,071</u>	<u>-</u>	<u>16,100</u>	<u>16,100</u>	<u>11,423</u>	<u>4,677</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>(31,039)</u>	<u>\$ (31,039)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(11,423)</u>	<u>\$ (11,423)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			<u>-</u>				<u>-</u>	
NET CHANGE IN FUND BALANCE			(31,039)				(11,423)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (31,039)</u>				<u>\$ (11,423)</u>	

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

	Partnerships to Improve Community Health				Preschool Development			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	40,177	40,177	40,538	361	278,913	193,197	195,165	1,968
Total revenues	40,177	40,177	40,538	361	278,913	193,197	195,165	1,968
EXPENDITURES:								
Education:								
Salaries	31,930	31,930	33,048	(1,118)	54,988	49,218	49,005	213
Benefits	5,636	5,636	2,492	3,144	14,660	12,271	2,996	9,275
Pension expense	-	-	2,067	(2,067)	-	-	9,203	(9,203)
Purchased services	2,198	2,198	2,869	(671)	8,357	8,357	9,957	(1,600)
Supplies and materials	413	413	62	351	11,000	11,969	11,371	598
Payments to other governments	-	-	-	-	189,908	111,382	112,964	(1,582)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	40,177	40,177	40,538	(361)	278,913	193,197	195,496	(2,299)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	-	\$ -	\$ -	\$ -	(331)	\$ (331)
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			-				-	
NET CHANGE IN FUND BALANCE			-				(331)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				(366)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ (697)	

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017**

	<u>ROE Operations Fund</u>				<u>Regional Safe Schools Program</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	120,550	120,550	106,988	(13,562)	88,466	88,466	44,232	(44,234)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>120,550</u>	<u>120,550</u>	<u>106,988</u>	<u>(13,562)</u>	<u>88,466</u>	<u>88,466</u>	<u>44,232</u>	<u>(44,234)</u>
EXPENDITURES:								
Education:								
Salaries	99,478	45,403	34,879	10,524	24,594	24,594	24,375	219
Benefits	5,381	3,872	2,668	1,204	3,532	3,532	1,905	1,627
Pension expense	-	-	-	-	-	-	1,624	(1,624)
Purchased services	11,993	61,667	61,421	246	7,720	7,720	3,796	3,924
Supplies and materials	2,698	3,928	2,442	1,486	1,818	1,818	866	952
Payments to other governments	-	-	-	-	50,802	50,802	50,802	-
Capital outlay	1,000	5,680	5,579	101	-	-	-	-
Total expenditures	<u>120,550</u>	<u>120,550</u>	<u>106,989</u>	<u>13,561</u>	<u>88,466</u>	<u>88,466</u>	<u>83,368</u>	<u>5,098</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(39,136)</u>	<u>\$ (39,136)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			<u>-</u>				<u>-</u>	
NET CHANGE IN FUND BALANCE				(1)			(39,136)	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR				<u>-</u>			<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR				<u>\$ (1)</u>			<u>\$ (39,136)</u>	

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2017

	Teacher Quality Program				New Teacher Induction and Mentoring Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	166,263	166,263	52,745	(113,518)
Federal sources	4,096	4,096	4,096	-	-	-	-	-
Total revenues	4,096	4,096	4,096	-	166,263	166,263	52,745	(113,518)
EXPENDITURES:								
Education:								
Salaries	-	-	-	-	12,200	12,200	5,518	6,682
Benefits	-	-	-	-	825	825	243	582
Pension expense	-	-	-	-	-	-	9	(9)
Purchased services	4,096	4,096	4,096	-	4,628	4,628	3,451	1,177
Supplies and materials	-	-	-	-	2,600	2,600	2,991	(391)
Payments to other governments	-	-	-	-	146,010	146,010	40,533	105,477
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	4,096	4,096	4,096	-	166,263	166,263	52,745	113,518
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
OTHER FINANCING SOURCES (USES):								
Transfers in			-				-	
Transfers out			-				-	
Total other financing sources (uses)			-				-	
NET CHANGE IN FUND BALANCE			-				-	
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ -				\$ -	

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

	<u>General Education Development</u>	<u>School Bus Driver Training</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 8,419	\$ 6,841	\$ 15,260
Due from other governments	-	490	490
Total assets	<u>8,419</u>	<u>7,331</u>	<u>15,750</u>
DEFERRED OUTFLOWS OF RESOURCES			
None	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,419</u>	<u>\$ 7,331</u>	<u>\$ 15,750</u>
LIABILITIES			
None	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>230</u>	<u>230</u>
FUND BALANCE			
Restricted	<u>8,419</u>	<u>7,101</u>	<u>15,520</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 8,419</u>	<u>\$ 7,331</u>	<u>\$ 15,750</u>

ROCK ISLAND COUNTY **SCHEDULE 7**
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2017

	<u>General Education Development</u>	<u>School Bus Driver Training</u>	<u>Totals</u>
REVENUES:			
Local sources	\$ 1,932	\$ 2,270	\$ 4,202
State sources	<u>-</u>	<u>1,285</u>	<u>1,285</u>
Total revenues	<u>1,932</u>	<u>3,555</u>	<u>5,487</u>
EXPENDITURES:			
Education:			
Salaries	3,443	-	3,443
Benefits	246	-	246
Pension expense	250	-	250
Purchased services	<u>190</u>	<u>3,201</u>	<u>3,391</u>
Total expenditures	<u>4,129</u>	<u>3,201</u>	<u>7,330</u>
NET CHANGE IN FUND BALANCE	(2,197)	354	(1,843)
FUND BALANCE, BEGINNING OF YEAR	<u>10,616</u>	<u>6,747</u>	<u>17,363</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,419</u>	<u>\$ 7,101</u>	<u>\$ 15,520</u>

ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2017

	<u>Distributive</u>	Cafeteria <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 11,167	\$ 11,167
LIABILITIES			
Due to plan participants	\$ -	\$ 11,167	\$ 11,167

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2017**

	<u>Balance, June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2017</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,622,289	\$ 2,622,289	\$ -
LIABILITIES				
Due to other governments	\$ -	\$ 2,622,289	\$ 2,622,289	\$ -
CAFETERIA PLAN				
ASSETS				
Cash and cash equivalents	\$ 13,081	\$ 18,950	\$ 20,864	\$ 11,167
LIABILITIES				
Due to plan participants	\$ 13,081	\$ 18,950	\$ 20,864	\$ 11,167
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 13,081	\$ 2,641,239	\$ 2,643,153	\$ 11,167
LIABILITIES				
Due to other governments	\$ -	\$ 2,622,289	\$ 2,622,289	\$ -
Due to plan participants	13,081	18,950	20,864	11,167
TOTAL LIABILITIES	<u>\$ 13,081</u>	<u>\$ 2,641,239</u>	<u>\$ 2,643,153</u>	<u>\$ 11,167</u>

ROCK ISLAND COUNTY REGIONAL OFFICE OF EDUCATION NO. 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Passed Through Illinois State Board of Education:			
Twenty-First Century Community Learning Centers			
(M) Title IV - 21st Century (Hanson Elementary School)	84.287C	16-4421-13	\$ 1,220
(M) Title IV - 21st Century (Hanson Elementary School)	84.287C	17-4421-13	98,414
(M) Title IV - 21st Century (Moline High School)	84.287C	16-4421-15	2,240
(M) Title IV - 21st Century (Moline High School)	84.287C	17-4421-15	93,577
(M) Title IV - 21st Century (Glenview Middle School)	84.287C	16-4421-25	3,661
(M) Title IV - 21st Century (Glenview Middle School)	84.287C	17-4421-25	116,632
(M) Title IV - 21st Century (John Deere Middle School)	84.287C	17-4421-35	115,505
			<u>431,249</u>
Supporting Effective Instruction State Grant			
Teacher Quality Program	84.367A	17-4935-02	<u>4,096</u>
Preschool Development Grants			
Early Childhood Cohort	84.419B	15-4999-PK	5,770
Preschool Development	84.419B	16-4902-PE	2,020
Preschool Development	84.419B	17-4902-PE	193,197
			<u>200,987</u>
Total passed through Illinois State Board of Education			<u>636,332</u>
Passed Through Lee, Ogle & Whiteside Counties ROE No. 47:			
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	17-4920-00	<u>11,423</u>
Passed Through Boone-Winnebago Counties ROE No. 4:			
Title I Grants to Local Educational Agencies			
Regional System of Support Provider (RESPRO)	84.010A	17-4331-SS	<u>67,538</u>
Total passed through U.S. Department of Education			<u>715,293</u>
Centers for Disease Control and Prevention			
Passed Through Trinity Medical Center:			
Partnerships to Improve Community Health:			
Partnerships to Improve Community Health	93.331	5NU58DP005680-02-00	<u>40,538</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 755,831</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**ROCK ISLAND COUNTY
REGIONAL OFFICE OF EDUCATION NO. 49
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Rock Island County Regional Office of Education No. 49 under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional Office of Education No. 49, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional Office of Education No. 49.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Rock Island County Regional Office of Education No. 49 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

This information is an integral part of the accompanying schedule.