

State of Illinois  
ADAMS/BROWN/CASS/  
MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
FINANCIAL AUDIT  
For the Year Ended June 30, 2017

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 JUNE 30, 2017

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ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2017

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Ms. Jill Reis

Assistant Regional Superintendent  
(Current and During the Audit Period)

Mr. Jeff Stephens

Offices are located at:

507 Vermont Street  
Quincy, IL 62301

1267 East Washington  
Pittsfield, IL 62363

110 N. West St.  
Jacksonville, IL 62650

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2017

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	2
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

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

2017-001	11a	Controls over Financial Statement Preparation	Material Weakness
2017-002	11c	Internal Control over Accounting and Closing Transactions	Material Weakness

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2017

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 19, 2017. Attending were Jill Reis, Regional Superintendent; Heather Factor, Controller; and Tami Knight, Kemper CPA Group, LLP. Responses to the recommendations were provided by Jill Reis, Regional Superintendent, on December 12, 2017.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2017

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #1's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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



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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2018 on our consideration of the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control over financial reporting and compliance.

Original Signature on file

*Certified Public Accountants and Consultants*

Mattoon, Illinois  
April 4, 2018



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's basic financial statements, and have issued our report thereon dated April 4, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 the 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 Responses as items 2017-001 and 2017-002 that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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*.

### Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's Responses to Findings

Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1'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 Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Original Signature on file

*Certified Public Accountants and Consultants*

Mattoon, Illinois  
April 4, 2018

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017

SECTION I – SUMMARY OF AUDITORS’ RESULTS

**Financial Statements in accordance with GAAP**

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Finding 16-001 and 15-001)**

**Criteria/Specific Requirement:**

The Regional Office of Education #1 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office’s internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

**Condition:**

The Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

- A. During review of the Regional Office’s accounting records, auditors noted the Regional Office’s financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- B. The Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office’s management.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Finding 16-001 and 15-001) (Concluded)**

**Effect:**

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

**Cause:**

According to the Regional Office of Education #1's management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with the complex financial reporting requirements.

**Auditor's Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education #1 should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #1 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office will review the current auditors' recommendation and will work to revise the Regional Office of Education's policies, procedures and/or practices to address the finding noted.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-002 – Internal Control over Accounting and Closing Transactions (Repeated from Finding 16-002, 15-002, 14-001 and 13-001)**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the Regional Office’s accounting processes to prevent errors and fraud in reporting.

**Condition:**

Auditors noted the following internal control weaknesses over the accounting and closing processes:

- A. The Regional Office records overhead and administrative costs in the general fund and allocates those costs as needed to the appropriate special revenue or other funds. Auditors noted several instances where administrative costs were appropriately recorded as expenditures in the fund that reimbursed the cost but the reimbursements were recorded as transfers into the general fund, without a corresponding transfer out from the reimbursing fund, resulting in expenditures being overstated and interfund transfers being out of balance.
- B. Opening trial balance presented to auditors was out of balance by \$1,730.
- C. Two erroneous journal entries were recorded to reverse prior years accounts payable that was not accrued in prior year resulting in accounts payable being understated by \$150,589.
- D. January bank statement was not reconciled to the general ledger until May 17, 2017.
- E. Certificate of deposit in the amount of \$3,492, which was received during the consolidation of the Regional Office of Education #46 into the Regional Office of Education #1 in fiscal year 2016, was not recorded in the accounting records.
- F. Assets in the amount of \$5,279 purchased during the year were not included on the capital asset schedule presented to auditors.

**Effect:**

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, which could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**Cause:**

The Regional Office of Education #1 has not established or documented sufficient internal control procedures of their financial processes.



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-002 – Internal Control over Accounting and Closing Transactions (Repeated from Finding 16-002, 15-002, 14-001 and 13-001) (Concluded)**

**Auditor’s Recommendations:**

We recommend the following:

- A. Administrative costs should be recorded as expenditures in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs should be recorded as an offset to the associated expenditure in the reimbursed fund.
- B. Opening trial balance should be reviewed for accuracy to ensure it balances prior to submission to auditors.
- C. Journal entries should be closely scrutinized by accounting personnel to ensure they are appropriately recorded.
- D. Bank statements should be reconciled to the underlying accounting records within 30 days of receipt to ensure the Regional Office detects any intentional or unintentional errors or misappropriations in a timely manner.
- E. All bank accounts should be reflected in the Regional Office’s accounting records.
- F. All asset purchases above the Regional Office’s established capitalization policy should be included on the Regional Office’s capital asset schedule.

**Management’s Response:**

The Regional Office accepts the auditors’ recommendations and has revised policies, procedures, and/or practices to address the finding noted.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Corrective Action Plan**

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of 16-001 and 15-001)**

**Condition:**

The Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

- A. During review of the Regional Office’s accounting records, auditors noted the Regional Office’s financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- B. The Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office’s management.

**Plan:**

The Regional Office of Education #1 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Jill Reis, Regional Superintendent of Schools

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Finding No. 2017-002 – Internal Control over Accounting and Closing Transactions (Repeat from Finding 16-002, 15-002, 14-001 and 13-001)**

**Condition:**

Auditors noted the following internal control weaknesses over the accounting and closing processes:

- A. The Regional Office records overhead and administrative costs in the general fund and allocates those costs as needed to the appropriate special revenue or other funds. Auditors noted several instances where administrative costs were appropriately recorded as expenditures in the fund that reimbursed the cost but the reimbursements were recorded as transfers into the general fund, without a corresponding transfer out from the reimbursing fund, resulting in expenditures being overstated and interfund transfers being out of balance.
- B. Opening trial balance presented to auditors was out of balance by \$1,730.
- C. Two erroneous journal entries were recorded to reverse prior years accounts payable that was not accrued in prior year resulting in accounts payable being understated by \$150,589.
- D. January bank statement was not reconciled to the general ledger until May 17, 2017.
- E. Certificate of deposit in the amount of \$3,492, which was received during the consolidation of the Regional Office of Education #46 into the Regional Office of Education #1 in fiscal year 2016, was not recorded in the accounting records.
- F. Assets in the amount of \$5,279 purchased during the year were not included on the capital asset schedule presented to auditors.

**Plan:**

- A. The Regional Office will establish procedures to ensure that administrative costs will be recorded as expenditures in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs will be recorded as an offset to the associated expenditure in the reimbursed fund.
- B. The Regional Office will establish procedures to ensure that the ending trial balance amount is in balance.
- C. The Regional Office will closely scrutinize the journal entries made by accounting personnel to ensure they are appropriately recorded.
- D. The Regional Office will reconcile the bank statements within 30 days of receipt to ensure the Regional Office detects any intentional or unintentional errors or misappropriations in a timely manner.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Finding No. 2017-002 – Internal Control over Accounting and Closing Transactions (Repeat from Finding 16-002, 15-002, 14-001 and 13-001) (Concluded)**

- E. The Regional Office will record all bank accounts into the accounting records.
- F. The Regional Office will include all assets purchased above the capitalization policy in the Regional Office's capital asset schedule.

**Anticipated Date of Completion:**

June 30, 2018

**Contact Person Responsible for Corrective Action:**

Honorable Jill Reis, Regional Superintendent of Schools

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
JUNE 30, 2017

None.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

The Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2017 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$14,511 from \$1,511,440 in FY16 to \$1,525,951 in FY17. Revenues from State on-behalf and State sources increased while Local on-behalf payments decreased slightly. General Fund expenditures increased by \$290,400 from \$1,151,003 in FY16 to \$1,441,403 in FY17. Purchases services, payments to other governments, supplies and materials, and capital outlay increased while salaries and benefits and pension expenses both decreased.
- Within the Governmental Funds, the Special Revenue Funds revenue increased by \$58,610 from \$1,175,142 in FY16 to \$1,233,752 in FY17. The Special Revenue Funds expenditures increased by \$166,632 from \$1,106,394 in FY16 to \$1,273,026 in FY17. Expenditures for salaries and benefits, pension expense, capital outlay, purchased services, and supplies and materials all increased while other objects and payments to other governments decreased.

**Using This Report**

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

**Reporting the Regional Office as a Whole**

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

The Government-wide financial statements report information about the Regional Office as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using generally accepted accounting principles and GASB 34.

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

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall financial condition, additional non-financial factors, such as new laws, rules, regulations, and non-funded mandates need to be considered.

The Government-wide financial statements present all of the Regional Office's activities as governmental and business-type activities. Local, State and federal monies finance most of the governmental activities, while local workshops finance most of the business-type activities.

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office established other funds to control and manage money for particular purposes.

The Regional Office has three kinds of funds:

1. Governmental funds account for all of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the 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 resources that can be spent in the near future to finance the Office's programs. The Regional Office's Governmental Funds include: the General Fund and the Special Revenue Funds.

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



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

**Reporting the Regional Office as a Whole (Concluded)**

2. Proprietary funds are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

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

3. Fiduciary funds are agency funds used to account for assets held by the Regional Office of Education #1 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

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

A summary reconciliation between the Government-wide financial statements and the fund financial statements follows the fund financial statements.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one indicator of the financial position of the Regional Office. The net position at the end of FY17 totaled \$1,848,974. At the end of FY16, the net position was \$2,321,465. The analysis that follows provides a summary of the Office's net position at June 30, 2017 and 2016.

**CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 1,765,680	\$ 1,441,074	\$ 101,376	\$ 100,847	\$ 1,867,056	\$ 1,541,921
Capital assets, net	29,152	24,998	554	780	29,706	25,778
Total assets	1,794,832	1,466,072	101,930	101,627	1,896,762	1,567,699
Deferred outflows of resources	790,484	1,370,580	-	-	790,484	1,370,580
Current liabilities	222,116	107,959	-	1,378	222,116	109,337
Noncurrent liabilities	470,828	369,343	-	-	470,828	369,343
Total liabilities	692,944	477,302	-	1,378	692,944	478,680
Deferred inflows of resources	145,328	138,134	-	-	145,328	138,134
Net position:						
Investment in capital assets	29,152	24,998	554	780	29,706	25,778
Restricted—other	424,460	282,467	-	-	424,460	282,467
Unrestricted, restated	1,293,432	1,913,751	101,376	99,469	1,394,808	2,013,220
Total net position	\$ 1,747,044	\$ 2,221,216	\$ 101,930	\$ 100,249	\$ 1,848,974	\$ 2,321,465

The Regional Office's net position decreased \$472,491 from FY16 to FY17. Governmental activities net position decreased by \$474,172. Business-type activities net position increased by \$1,681.

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

**ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 1,222,111	\$ 1,041,478	\$ -	\$ -	\$ 1,222,111	\$ 1,041,478
Capital grants and contributions	-	-	15,675	21,369	15,675	21,369
General revenues:						
Local sources	768,343	653,051	-	-	768,343	653,051
State sources	616,165	671,028	-	-	616,165	671,028
On-behalf - Local	34,231	43,973	-	-	34,231	43,973
On-behalf - State	402,437	367,982	-	-	402,437	367,982
Transfers In (Out)	-	(225)	-	225	-	-
Investment earnings	6,841	4,463	390	410	7,231	4,873
Total revenues	<u>3,050,128</u>	<u>2,781,750</u>	<u>16,065</u>	<u>22,004</u>	<u>3,066,193</u>	<u>2,803,754</u>
Expenses:						
Programs expenses:						
Salaries and benefits	1,175,055	1,149,030	3,714	3,204	1,178,769	1,152,234
Purchased services	411,982	313,012	8,181	11,071	420,163	324,083
Supplies and materials	71,259	26,614	2,263	808	73,522	27,422
Other objects	24,548	55,684	-	-	24,548	55,684
Payments to other governments	640,851	328,283	-	-	640,851	328,283
Pension expense (income)	755,006	(776,024)	-	-	755,006	(776,024)
Depreciation	12,325	9,893	226	226	12,551	10,119
Administrative expenses:						
On-behalf - Local	34,231	43,973	-	-	34,231	43,973
On-behalf - State	402,437	367,982	-	-	402,437	367,982
Total expenses	<u>3,527,694</u>	<u>1,518,447</u>	<u>14,384</u>	<u>15,309</u>	<u>3,542,078</u>	<u>1,533,756</u>
Changes in net position	(477,566)	1,263,303	1,681	6,695	(475,885)	1,269,998
Net position - beginning	<u>2,224,610</u>	<u>957,913</u>	<u>100,249</u>	<u>93,554</u>	<u>2,324,859</u>	<u>1,051,467</u>
Net position, ending	<u>\$ 1,747,044</u>	<u>\$ 2,221,216</u>	<u>\$ 101,930</u>	<u>\$ 100,249</u>	<u>\$ 1,848,974</u>	<u>\$ 2,321,465</u>

**Financial Analysis of the Regional Office of Education #1 Funds**

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Regional Office's Governmental Funds reported combined fund balances of \$1,381,783 in FY17 and \$1,333,115 in FY16. The increase is a result of increased revenue and the Regional Office's efforts to keep costs down while still providing necessary services to the public.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

**Governmental Fund Highlights**

Revenues for governmental funds were \$2,759,703 and expenditures were \$2,714,429. The Regional Office experienced an increase in revenues during FY17 primarily in the General Fund as a result of an increase in General State Aid, Fingerprinting, and the Institute fund. Expenditures from the fund increased accordingly, most notably General State Aid payments to other governmental entities, which was significantly higher due to the delay of funding from the State from FY16.

In the General State Aid Fund, revenues and expenditures for on-behalf payments decreased.

Education Fund revenues increased by \$61,717 from FY16. Two additional grant funding sources were added. Total Education Fund expenditures increased by \$183,415 during FY17. Expenditures increased as a result of the additional grants. Purchased services, as well as, supplies and materials that supported the grants increased significantly. Salaries, benefits, pension expense, and capital outlay increased accordingly as well.

**Proprietary Fund Highlights**

Revenues for proprietary activities were \$15,675 and expenses were \$14,384. Revenues and expenditures decreased from FY16. In FY17, there were many workshops that were paid for by Foundational Services, therefore, the ROE was not able to charge for as many workshops.

**Budgetary Highlights**

The Regional Office annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the Regional Office's actual financial activity is included in the supplementary information section of this report on pages 69 through 78.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

**Capital Assets**

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets that has accumulated over time. The Regional Office's fixed assets increased by \$16,479 in FY17. In addition, the Regional Office has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation. More detailed information about capital assets is available in Note 3 to the financial statements.

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

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

- The State of Illinois adopted an Evidence Based Funding Model for Illinois Public Schools for FY18. Funding based on this model has not yet been determined or additional monies released.
- FY18 funding for Child and Family Connections will be similar to FY17.
- ROE #1 is partnering with the DuPage Regional Office of Education who has been awarded an Education Innovation and Research (EIR) Federal Grant. ROE #1 will be a subgrantee with the DuPage Regional Office acting as the fiscal agent. The subaward for the first year will be approximately \$42,000 and will increase in subsequent years.
- ROE #1 is partnering with the Center for the Study of Education Policy at Illinois State University, who has been awarded a Supporting Effective Educator Development (SEED) federal grant. ROE #1 will be a subgrantee with ISU as the fiscal agent. The subaward has not been determined at this time, but is anticipated to be \$200,000 or more for the first year and may increase in subsequent years.
- The Regional Office anticipates the continued delay in grant funding payments from the State and other agencies. This delay may cause financial hardship.

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

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Adams/Pike Counties Regional Office of Education #1, 507 Vermont Street, Quincy, IL 62301.

## BASIC FINANCIAL STATEMENTS

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,271,479	\$ 94,540	\$ 1,366,019
Accounts receivable	4,181	-	4,181
Due from other governments:			
Local	44,051	6,836	50,887
State	238,691	-	238,691
Federal	135,400	-	135,400
Investments	71,878	-	71,878
Total current assets	<u>1,765,680</u>	<u>101,376</u>	<u>1,867,056</u>
Noncurrent assets:			
Capital assets, being depreciated, net	29,152	554	29,706
Total noncurrent assets	<u>29,152</u>	<u>554</u>	<u>29,706</u>
<b>TOTAL ASSETS</b>	<u>1,794,832</u>	<u>101,930</u>	<u>1,896,762</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	790,484	-	790,484
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	179,228	-	179,228
Due to other governments:			
Local	40,995	-	40,995
State	432	-	432
Federal	1,461	-	1,461
Total current liabilities	<u>222,116</u>	<u>-</u>	<u>222,116</u>
Noncurrent liabilities:			
Net pension liability	464,498	-	464,498
Liability for compensated absences	6,330	-	6,330
Total Noncurrent Liabilities	<u>470,828</u>	<u>-</u>	<u>470,828</u>
<b>TOTAL LIABILITIES</b>	<u>692,944</u>	<u>-</u>	<u>692,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	145,328	-	145,328
<b>NET POSITION</b>			
Investment in capital assets	29,152	554	29,706
Restricted	424,460	-	424,460
Unrestricted	1,293,432	101,376	1,394,808
<b>TOTAL NET POSITION</b>	<u>\$ 1,747,044</u>	<u>\$ 101,930</u>	<u>\$ 1,848,974</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 1,175,055	\$ -	\$ 700,425	\$ (474,630)	\$ -	\$ (474,630)
Purchased services	411,982	-	277,173	(134,809)	-	(134,809)
Supplies and materials	71,259	-	57,827	(13,432)	-	(13,432)
Other objects	24,548	-	19,373	(5,175)	-	(5,175)
Depreciation expense	12,325	-	-	(12,325)	-	(12,325)
Capital outlay	-	-	16,479	16,479	-	16,479
Payments to other governments	640,851	-	150,834	(490,017)	-	(490,017)
Pension expense (income)	755,006	-	-	(755,006)	-	(755,006)
Administrative:						
On-behalf payments - Local	34,231	-	-	(34,231)	-	(34,231)
On-behalf payments - State	402,437	-	-	(402,437)	-	(402,437)
Total Governmental Activities	<u>3,527,694</u>	<u>-</u>	<u>1,222,111</u>	<u>(2,305,583)</u>	<u>-</u>	<u>(2,305,583)</u>
Business-Type Activities:						
Charges for services	<u>14,384</u>	<u>15,675</u>	<u>-</u>	<u>-</u>	<u>1,291</u>	<u>1,291</u>
Total Business-Type Activities	<u>14,384</u>	<u>15,675</u>	<u>-</u>	<u>-</u>	<u>1,291</u>	<u>1,291</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,542,078</u>	<u>\$ 15,675</u>	<u>\$ 1,222,111</u>	<u>(2,305,583)</u>	<u>1,291</u>	<u>(2,304,292)</u>
GENERAL REVENUES:						
Local sources				768,343	-	768,343
State sources				616,165	-	616,165
On-behalf payments - Local				34,231	-	34,231
On-behalf payments - State				402,437	-	402,437
Investment earnings				6,841	390	7,231
Total General Revenues				<u>1,828,017</u>	<u>390</u>	<u>1,828,407</u>
CHANGE IN NET POSITION				(477,566)	1,681	(475,885)
NET POSITION - BEGINNING (Restated, See Note 13)				<u>2,224,610</u>	<u>100,249</u>	<u>2,324,859</u>
NET POSITION - ENDING				<u>\$ 1,747,044</u>	<u>\$ 101,930</u>	<u>\$ 1,848,974</u>

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



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 881,384	\$ 159,387	\$ 230,708	\$ -	\$ 1,271,479
Accounts receivable	3,273	838	70	-	4,181
Due from other funds	292,695	-	-	(292,695)	-
Due from other governments:					
Local	12,063	31,988	-	-	44,051
State	1,816	236,875	-	-	238,691
Federal	-	135,400	-	-	135,400
Investments	64,989	-	6,889	-	71,878
Total assets	<u>\$ 1,256,220</u>	<u>\$ 564,488</u>	<u>\$ 237,667</u>	<u>\$ (292,695)</u>	<u>\$ 1,765,680</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 137,116	\$ 42,064	\$ 48	\$ -	\$ 179,228
Due to other funds	-	292,695	-	(292,695)	-
Due to other governments:					
Local	-	40,995	-	-	40,995
State	-	432	-	-	432
Federal	-	1,461	-	-	1,461
Total liabilities	<u>137,116</u>	<u>377,647</u>	<u>48</u>	<u>(292,695)</u>	<u>222,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	161,781	-	-	161,781
<b>FUND BALANCE</b>					
Restricted	-	172,822	237,619	-	410,441
Assigned	106,264	-	-	-	106,264
Unassigned	1,012,840	(147,762)	-	-	865,078
Total fund balance	<u>1,119,104</u>	<u>25,060</u>	<u>237,619</u>	<u>-</u>	<u>1,381,783</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 1,256,220</u>	<u>\$ 564,488</u>	<u>\$ 237,667</u>	<u>\$ (292,695)</u>	<u>\$ 1,765,680</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$ 1,381,783
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,152
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Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred inflows of resources in the governmental funds. Current year unavailable revenue	161,781
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Liability for compensated absences	\$ (6,330)		
IMRF net pension liability	(438,373)		
TRS net pension liability	<u>(26,125)</u>		(470,828)

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	\$ 790,484		
Deferred inflows of resources	<u>(145,328)</u>		<u>645,156</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,747,044</u>
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ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 445,674	\$ 268,421	\$ 54,248	\$ -	\$ 768,343
On-behalf payments - Local	34,231	-	-	-	34,231
State sources	766,384	596,253	1,563	-	1,364,200
On-behalf payments - State	273,793	-	-	-	273,793
Federal sources	-	312,295	-	-	312,295
Investment earnings	5,869	45	927	-	6,841
Total revenues	<u>1,525,951</u>	<u>1,177,014</u>	<u>56,738</u>	<u>-</u>	<u>2,759,703</u>
<b>EXPENDITURES</b>					
Instructional services:					
Salaries and benefits	465,886	700,425	9,046	-	1,175,357
Pension expense	22,414	42,387	1,128	-	65,929
Purchased services	131,454	277,173	3,355	-	411,982
Supplies and materials	11,820	57,827	1,612	-	71,259
Other objects	1,709	19,373	3,466	-	24,548
Payments to other governments	490,017	150,834	-	-	640,851
On-behalf payments - Local	34,231	-	-	-	34,231
On-behalf payments - State	273,793	-	-	-	273,793
Capital outlay	10,079	6,400	-	-	16,479
Total expenditures	<u>1,441,403</u>	<u>1,254,419</u>	<u>18,607</u>	<u>-</u>	<u>2,714,429</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>84,548</u>	<u>(77,405)</u>	<u>38,131</u>	<u>-</u>	<u>45,274</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	16,092	-	(16,092)	-
Transfers out	(16,092)	-	-	16,092	-
Total other financing sources (uses)	<u>(16,092)</u>	<u>16,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>68,456</u>	<u>(61,313)</u>	<u>38,131</u>	<u>-</u>	<u>45,274</u>
<b>FUND BALANCE - BEGINNING</b>					
Restated (See Note 13)	<u>1,050,648</u>	<u>86,373</u>	<u>199,488</u>	<u>-</u>	<u>1,336,509</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 1,119,104</u></u>	<u><u>\$ 25,060</u></u>	<u><u>\$ 237,619</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,381,783</u></u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 45,274

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

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

Capital outlay	\$ 16,479	
Depreciation expense	<u>(12,325)</u>	4,154

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

Current year unavailable revenue		161,781
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Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences		302
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned, net		<u>(689,077)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (477,566)</u></u>
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The notes to the financial statements are an integral part of this statement.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Business-Type Activities Enterprise Funds - Nonmajor		
	Local Workshops	Testing Center	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 73,123	\$ 21,417	\$ 94,540
Due from other governments:			
Local	6,080	756	6,836
Total current assets	79,203	22,173	101,376
Noncurrent assets:			
Capital assets, being depreciated, net	554	-	554
<b>TOTAL ASSETS</b>	79,757	22,173	101,930
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-
<b>NET POSITION</b>			
Invested in capital assets	554	-	554
Unrestricted	79,203	22,173	101,376
<b>TOTAL NET POSITION</b>	\$ 79,757	\$ 22,173	\$ 101,930

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds - Nonmajor		
	Local Workshops	Testing Center	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 8,920	\$ 6,755	\$ 15,675
Total Operating Revenues	8,920	6,755	15,675
<b>OPERATING EXPENSES</b>			
Salaries and benefits	3,714	-	3,714
Purchased services	8,181	-	8,181
Supplies and materials	1,661	602	2,263
Depreciation	226	-	226
Total Operating Expenses	13,782	602	14,384
<b>OPERATING INCOME (LOSS)</b>	(4,862)	6,153	1,291
<b>NONOPERATING REVENUE</b>			
Investment earnings	295	95	390
Total Nonoperating Revenue	295	95	390
<b>CHANGE IN NET POSITION</b>	(4,567)	6,248	1,681
<b>TOTAL NET POSITION - BEGINNING</b>	84,324	15,925	100,249
<b>TOTAL NET POSITION - ENDING</b>	\$ 79,757	\$ 22,173	\$ 101,930

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds - Nonmajor		
	Local Workshops	Testing Center	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 6,620	\$ 7,440	\$ 14,060
Payments to suppliers and providers of goods and services	(11,220)	(602)	(11,822)
Payments to employees	(3,714)	-	(3,714)
Net Cash Provided by (Used for) Operating Activities	(8,314)	6,838	(1,476)
Cash Flows from Investing Activities:			
Interest income	295	95	390
Net Cash Provided by Investing Activities	295	95	390
Net increase (decrease) in cash and cash equivalents	(8,019)	6,933	(1,086)
Cash and cash equivalents - Beginning	81,142	14,484	95,626
Cash and cash equivalents - Ending	\$ 73,123	\$ 21,417	\$ 94,540
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,862)	\$ 6,153	\$ 1,291
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	226	-	226
(Increase)/Decrease in assets:			
Due from other governments	(2,300)	685	(1,615)
Increase/(Decrease) in liabilities:			
Accounts payable	(1,378)	-	(1,378)
Net cash provided by (used for) operating activities	\$ (8,314)	\$ 6,838	\$ (1,476)

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2017

	<u>Agency Fund</u>
	<u>Pike County School Facility Occupation Tax</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,041
Due from other governments	1,330,464
Total Assets	\$ 1,331,505
<b>LIABILITIES</b>	
Due to other governments	\$ 1,331,505
Total Liabilities	\$ 1,331,505

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



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2017, the Regional Office of Education #1 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 77, *Tax Abatements Disclosures*; GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*; GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Regional Office of Education #1 implemented these standards during the current year. The implementation of GASB Statement No. 74 establishes standards for the financial reports of defined benefit OPEB plans administered through trusts that meet specified criteria. The implementation of GASB Statement No. 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues. The implementation of GASB Statement No. 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local government employers through cost-sharing multiple-employer defined pension plan and establishes requirements for recognition and measurement of pension expense, expenditures, liabilities, note disclosures, and required supplementary information for pensions. The implementation of GASB Statement No. 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The implementation of GASB Statement No. 82 clarifies the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee or plan member contribution requirements.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through April 4, 2018 the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #1's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

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

For the period ended June 30, 2017, the Regional Office of Education #1 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #1. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #1's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #1 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #1 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #1 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #1 being considered a component unit of the entity.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #1's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #1 has two business-type activities that rely on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds or to move unrestricted funding.

**E. PROPRIETARY FUND FINANCIAL STATEMENTS**

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #1; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Under the terms of grant agreements, Adams/Brown/Cass/Morgan/Pike/Scott Counties Regional Office of Education #1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #1’s policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #1 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #1 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

The Regional Office of Education #1 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education #1 and is used to account for financial resources in the Region except those required to be accounted for and reported in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

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

Fingerprinting – This fund accounts for local monies received from school districts to share the cost of criminal background checks for substitute teachers.

General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.

Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.

Copier Fund – This fund accounts for all expenditures related to copiers.

Postage Fund – This fund accounts for all expenditures related to postage.

School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.

Lafayette Academy – This program serves students with attendance problems and/or dropouts. The program provides a full-time option for regular school attendance and offers modified instructional programs and other services designed to prevent students from dropping out of school.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Dental Sealant Fund – This fund is to account for the costs associated with providing the dental sealant program to Morgan and Scott County schools.

Pike County Film Coop – This fund was financed in prior years by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

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

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

Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass, and Morgan Counties.

Truants Alternative and Optional Education – This program provides truancy prevention programs and services for monitoring truants.

ROE/ISC Operations – This fund accounts for monies for general and administrative expenditures.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

National School Lunch Program – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

National School Breakfast Program – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe School Program.

McKinney Education for Homeless Children – This program is to provide for a local homeless liaison to help homeless students in the Region.

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Child and Family Connections – This program for preschool children with disabilities is funded by the Department of Human Services.

Tracy National Institute for School Leadership – This program provides school leadership training through the National Institute for School Leadership and is funded by a grant from the Tracy Family Foundation and a corporate donation.

Schools Against Fearful Environment (SAFE) – This program provides drug-free programs from the Sheriff’s Department to local school districts.

Regional Safe Schools Cooperative – This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Math Blast – This program provides weekly math problem-solving opportunities for students in partnership with local grocery stores.

Title II – Teacher Quality – Leadership – This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Early Childhood Education Initiative – This program is intended to have a learning impact on preschool age children to increase their ability to succeed in school.

Foundational Services – Provides ISBE-developed and -approved content to local school districts. Services are provided through professional development workshops, targeted networking sessions, and technical assistance.

Reading: A Healthy Start – By partnering with medical providers, this program seeks to develop critical early reading skills in children and to encourage families to read together.

The Regional Office of Education #1 reports the following Nonmajor Special Revenue Funds:

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Bus Driver Training – Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office.

Institute – This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #1 reports the following enterprise funds:

The Regional Office of Education #1 reports the following nonmajor enterprise fund:

Local Workshops – This program accounts for monies received for the general operations of workshops and the administrator's academy.

Testing Center – This fund is used to account for the activity of the new testing center located at the Regional Office of Education #1.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education #1 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #1 reports the following agency fund:

Pike County School Facility Occupation Tax – This fund accounts for the assets held by the Regional Office of Education #1 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

Governmental fund equity is classified as 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, due to either its form or legal restrictions. The Regional Office of Education #1 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following nonmajor special revenue funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds. The following Education Fund accounts are restricted by grantor or donor restrictions: National School Lunch Program, National School Breakfast Program, Tracy National Institute for School Leadership, Schools Against Fearful Environment (SAFE), Early Childhood Education Initiative, and Reading: A Healthy Start.

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #1 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: Fingerprinting, School Directory, Lafayette Academy, Dental Sealants Fund, and Pike County Film Coop.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are unassigned: General Operations, General State Aid, Miscellaneous Fund, Copier Fund, and Postage Fund. The following Education Fund accounts have an unassigned fund deficit: Truants Alternative and Optional Education, Regional Safe Schools, and Regional Safe Schools Cooperative.

J. NET POSITION

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION (Concluded)

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

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

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #1 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2017, cash and cash equivalents consisted of cash on deposit and invested in the Illinois Funds Money Market Fund.

L. ESTIMATES

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

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost in the government-wide financial statements. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Office equipment and furniture	5-10 years
Computer equipment	3 years
Software and licenses	2 years

In the governmental fund financial statements, capital assets are reported as capital outlay expenditures when acquired.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

O. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. At the end of the fiscal year, up to ten days of accumulated vacation time can be carried forward. Employee vacation pay is recorded when paid. At June 30, 2017, the liability for unused vacation days was \$6,330, and is shown on the Statement of Net Position.

A full-time employee is entitled to two personal leave days per year. These days must be used in the employee year and may not accumulate from year to year.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

P. BUDGET INFORMATION

The Regional Office of Education #1 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION (Concluded)

Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Office of Prevention Effectiveness Services (ROPES), Truants Alternative and Optional Education, ROE/ISC Operations, McKinney Education for Homeless Children, Regional Safe Schools, Child and Family Connections, Regional Safe Schools Cooperative (16-3999), Regional Safe Schools Cooperative (17-3999), Title II – Teacher Quality – Leadership, and Foundational Services.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #1 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2017, the carrying amount of the Regional Office of Education #1's government-wide and agency fund deposits were \$1,366,019 and \$1,041, respectively, and the bank balances were \$1,447,162 and \$2,170, respectively. Of the total bank balances as of June 30, 2017, \$578,464 was insured by Federal Depository Insurance Corporation and \$870,868 was collateralized by securities pledged by the Regional Office of Education #1's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #1's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

**B. INVESTMENTS**

The Regional Office of Education #1 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq.

As of June 30, 2017, the Regional Office of Education #1's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$71,878 shown as investments for governmental activities. Certificates of deposit are considered deposits and, as such, are included in the deposit note (2A) above.

**CREDIT RISK**

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

**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.

**INTEREST RATE RISK**

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

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NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #1 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased.

The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities				
Capital assets being depreciated:				
Office furniture	\$ 23,272	\$ 2,100	\$ -	\$ 25,372
Office equipment	320,131	14,379	-	334,510
Total capital assets being depreciated	<u>343,403</u>	<u>16,479</u>	<u>-</u>	<u>359,882</u>
Less accumulated depreciation:				
Office furniture	(23,272)	(300)	-	(23,572)
Office equipment	(295,133)	(12,025)	-	(307,158)
Total accumulated depreciation	<u>(318,405)</u>	<u>(12,325)</u>	<u>-</u>	<u>(330,730)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 24,998</u>	<u>\$ 4,154</u>	<u>\$ -</u>	<u>\$ 29,152</u>
Business-Type Activities				
Capital assets being depreciated:				
Office Equipment	\$ 1,130	\$ -	\$ -	\$ 1,130
Less accumulated depreciation:				
Office Equipment	<u>(350)</u>	<u>(226)</u>	<u>-</u>	<u>(576)</u>
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 780</u>	<u>\$ (226)</u>	<u>\$ -</u>	<u>\$ 554</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$12,325 and \$226 was charged to Instructional Services in the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2017. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

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NOTE 4 – DEFINED-BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #1'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 #1'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 below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**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.



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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	29
Inactive Plan Members entitled to but not yet receiving benefits	42
Active Plan Members	20
<b>Total</b>	<b>91</b>

**Contributions**

As set by statute, the Regional Office of Education #1’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 #1’s annual contribution rate for calendar year 2016 was 5.57%. For the calendar year ended 2016, the Regional Office of Education #1 contributed \$37,847 to the plan. The Regional Office of Education #1 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 #1’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.

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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Actuarial Assumptions (Concluded)**

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

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

**Single Discount Rate**

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

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

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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Single Discount Rate (Concluded)**

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2015</b>	\$ 3,923,691	\$ 3,580,479	\$ 343,212
<b>Changes for the year:</b>			
Service Cost	64,303	-	64,303
Interest on the Total Pension Liability	289,058	-	289,058
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	87,852	-	87,852
Changes of Assumptions	-	-	-
Contributions - Employer	-	37,847	(37,847)
Contributions - Employees	-	30,577	(30,577)
Net Investment Income	-	281,663	(281,663)
Benefit Payments, including Refunds of Employee Contributions	(210,378)	(210,378)	-
Other (Net Transfer)	-	(4,035)	4,035
Net Changes	230,835	135,674	95,161
<b>Balances at December 31, 2016</b>	<b>\$ 4,154,526</b>	<b>\$ 3,716,153</b>	<b>\$ 438,373</b>

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

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

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability/(Asset)</b>	\$ 983,984	\$ 438,373	\$ 12,230

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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Concluded)

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

For the year ending June 30, 2017, the Regional Office of Education #1 recognized pension income of \$755,006. At June 30, 2017, the Regional Office of Education #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 571,188	\$ 63,592
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	151,242	14,014
Total Deferred Amounts to be recognized in pension expense in future periods	722,430	77,606
Pension Contributions made subsequent to the Measurement Date	46,424	-
Total Deferred Amounts Related to Pensions	\$ 768,854	\$ 77,606

\$46,424 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows/ (Inflows) of Resources</b>
2017	\$ 515,698
2018	90,608
2019	42,023
2020	(3,505)
2021	-
Thereafter	-
Total	\$ 644,824

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #1 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

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

**Benefits provided**

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

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

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

**Contributions**

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

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #1. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education #1 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #1, and the Regional Office of Education #1 recognized revenue and expenditures of \$128,644 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$885, and are deferred because they were paid after the June 30, 2016, measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #1, there is a statutory requirement for the Regional Office of Education #1 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 \$720 were paid from federal and special trust funds that required employer contributions of \$277. 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 #1 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education #1 paid no employer ERO contributions.

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Regional Office of Education #1 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 #1 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave 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 #1 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 26,125
State’s proportionate share of the net pension liability associated with the employer	<u>1,309,941</u>
<b>Total</b>	<b><u>\$ 1,336,066</u></b>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education #1’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education #1’s proportion was .0000330965 percent, which was an increase of .0000166684 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education #1 recognized pension expense of \$128,644 and revenue of \$128,644 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education #1 recognized pension income of \$22,389. At June 30, 2017, the Regional Office of Education #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 193	\$ 17
Net difference between projected and actual earnings on pension plan investments	738	-
Change of assumptions	2,244	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,292	67,705
Employer contributions subsequent to the measurement date	1,163	-
<b>Total</b>	<b><u>\$ 21,630</u></b>	<b><u>\$ 67,722</u></b>

\$1,163 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #1 as a reduction of their net pension liabilities in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$	(22,946)
2019		(22,946)
2020		(2,738)
2021		1,175
2022		200
	<b><u>\$</u></b>	<b><u>(47,255)</u></b>

**Actuarial assumptions**

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

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

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

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



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4 %	6.94 %
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. bonds core	10.7	2.44
International debt developed	5.3	1.7
Real estate	15.0	5.44
Commodities (real return)	11.0	4.28
Hedge funds (absolute return)	8.0	4.16
Private Equity	14.0	10.63
<b>Total</b>	<u>100 %</u>	

**Discount Rate**

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

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

**Sensitivity of the Regional Office of Education #1’s proportionate share of the net pension liability to changes in the discount rate**

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

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$ 31,952	\$ 26,125	\$ 21,366

**TRS fiduciary net position**

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

NOTE 6 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #1 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 6 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

**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 #1. 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 \$1,522, and the Regional Office of Education #1 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2016 and 2015 were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of Regional Office of Education #1 employees were \$1,730 and \$1,834, respectively.

**Employer contributions to the THIS Fund.** The Regional Office of Education #1 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the Regional Office of Education #1 paid \$1,142 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2016 and 2015, the Regional Office paid \$1,294 and \$1,367 to the THIS fund, respectively, which was 100 percent of the required contribution.

**Further information on the THIS Fund.** The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor general: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under “Central Management Services” <http://www.auditor.illinois.gov/Audit-Reports/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 – RISK MANAGEMENT

The Regional Office of Education #1 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #1 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – OPERATING LEASES

The Regional Office of Education #1 leased office space at 510 Maine Street, Quincy, Illinois, for \$800 per month. The lease term began on June 1, 2016, and ended on June 30, 2017. Office space is also leased in Jacksonville, Illinois at 747 West Lafayette Street and 110 North West Street for \$1,667 and \$500, respectively. The Regional Office leases office equipment for \$153 per month, \$18 per month, and \$168 per month with the leases ending on July 31, 2017, September 7, 2017, and October 1, 2020, respectively. A copier was leased for \$126 per month ending on May 13, 2017. A third copier is leased from month to month for \$64 per month. The Regional Office also leases a postage meter for \$66 per month; the lease agreement runs through July 31, 2018.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 8 – OPERATING LEASES (Concluded)

Total office lease expense was \$35,600 and equipment lease expense was \$6,906 for the year ended June 30, 2017. Future minimum rentals are as follows for the years ending June 30:

2018	\$	2,999
2019		2,082
2020		2,016
2021		504
2022		<u>-</u>
Total	\$	<u><u>7,601</u></u>

NOTE 9 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 292,695	\$ -
Education Fund	<u>-</u>	<u>292,695</u>
	<u><u>\$ 292,695</u></u>	<u><u>\$ 292,695</u></u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2017, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however transactions between governmental and business-type activities have not been eliminated.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 16,092
Education Fund	16,092	-
	<u><u>\$ 16,092</u></u>	<u><u>\$ 16,092</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #1’s General Fund, Education Fund, Proprietary Funds, and Agency Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:	
General Fund	
Local Governments	\$ 13,879
Education Fund	
Local Governments	35,469
Illinois State Board of Education	299,556
Illinois Department of Human Services	69,238
Proprietary Funds	
Local Governments	6,836
Agency Fund	
Local Governments	1,330,464
Total Due from Other Governments	<u>\$ 1,755,442</u>

Due to Other Governments:	
Education Fund	
Local Governments	\$ 41,404
Illinois State Board of Education	1,484
Agency Fund	
Local Governments	1,331,505
Total Due to Other Governments	<u>\$ 1,374,393</u>

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #1:

Regional Superintendent Salary	\$ 112,800
Assistant Regional Superintendent Salary	101,520
Regional Superintendent Benefits (includes State-paid insurance)	36,398
Assistant Regional Superintendent Benefits (includes State-paid insurance)	21,553
Teachers’ Health Insurance Security Contribution	<u>1,522</u>
Total	<u>\$ 273,793</u>

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

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 11 – ON-BEHALF PAYMENTS (Concluded)

Regional Office of Education #1 also recorded \$128,644 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 #1 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 on-behalf payments	\$	273,793
ROE #1’s share of TRS pension expense		128,644
Total	\$	<u>402,437</u>

Adams County provides office space to the Regional Office of Education #1 at no charge. The Regional Office of Education recognizes this activity by recording an On-behalf payments – Local revenue and On-behalf expenditures – Local expense. For the year ended June 30, 2017, this activity amounted to \$34,231.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

The Regional Office of Education #1 allows employees who retire through the Regional Office of Education #1 the option to continue in the Regional Office of Education #1’s health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #1’s health insurance plan is considered a community-rated plan. In addition, the ROE #1 has no explicit subsidy as defined in GASB Statement No. 45.

NOTE 13 – REGIONAL OFFICE OF EDUCATION RESTATEMENT

The Regional Office restated the fund balance of the Institute fund to include a certificate of deposit received in the fiscal year 2016 merger of ROE #46 that had not previously been included in the Regional Office’s financials statements.

Nonmajor Special Revenue Fund

Fund Balance - Beginning	\$	196,094
Effect of restatement on opening fund balance		3,394
Fund Balance - Beginning, restated	\$	<u>199,488</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 13 – REGIONAL OFFICE OF EDUCATION RESTATEMENT (Concluded)

Governmental Activities Net Position

Net Position - July 1, 2016	\$ 2,221,216
Effect of restatement on net position	3,394
Net Position, restated - July 1, 2016	<u>\$ 2,224,610</u>

Institute Fund

Fund Balance - Beginning, restated	\$ 137,160
Effect of restatement on opening fund balance	3,394
Fund Balance - Beginning, restated	<u>\$ 140,554</u>

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

<u>Fund</u>	<u>Amount</u>
Education Fund	
Truants Alternative and Optional Education	\$ 77,163
Regional Safe Schools	31,659
Regional Safe Schools Cooperative	<u>38,940</u>
Total Education Funds	<u>\$ 147,762</u>

REQUIRED SUPPLEMENTARY INFORMATION



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST THREE CALENDAR YEARS  
(UNAUDITED)

Calendar Year Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 64,303	\$ 77,295	\$ 57,403
Interest on the Total Pension Liability	289,058	261,090	144,347
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	87,852	241,986	(188,384)
Changes of Assumptions	-	-	72,028
Benefit Payments, including Refunds of Employee Contributions	(210,378)	(191,559)	(73,531)
<b>Net Change in Total Pension Liability</b>	<u>230,835</u>	<u>388,812</u>	<u>11,863</u>
<b>Total Pension Liability - Beginning</b>	<u>3,923,691</u>	<u>3,534,879</u>	<u>1,931,691</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 4,154,526</u>	<u>\$ 3,923,691</u>	<u>\$ 1,943,554</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 37,847	\$ 69,353	\$ 52,978
Contributions - Employees	30,577	28,955	21,872
Net Investment Income	281,663	20,523	132,988
Benefit Payments, including Refunds of Employee Contributions	(210,378)	(191,559)	(73,531)
Other (Net Transfer)	(4,035)	(2,887)	(1,755)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>135,674</u>	<u>(75,615)</u>	<u>132,552</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,580,479</u>	<u>3,656,094</u>	<u>2,042,995</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 3,716,153</u>	<u>\$ 3,580,479</u>	<u>\$ 2,175,547</u>
<b>Net Pension Liability (Asset) - Ending (A) - (B)</b>	<u>\$ 438,373</u>	<u>\$ 343,212</u>	<u>\$ (231,993)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	89.45%	91.25%	111.94%
<b>Covered Payroll</b>	679,482	955,269	486,036
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	64.52%	35.93%	-47.73%

**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.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 LAST THREE CALENDAR YEARS  
 (UNAUDITED)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2016	\$ 37,847	\$ 37,847	\$ -	\$ 679,482	5.57%
2015	69,253	69,353	(100)	643,447	10.78%
2014	49,965	52,978	(3,013)	486,036	10.90%

**Notes to Schedule:**

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

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2016 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	27-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.5%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 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.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 FOR THE YEAR ENDED JUNE 30, 2017 †  
 (UNAUDITED)

	FY16*	FY15*	FY14*
Employer's proportion of the net pension liability	0.0000297649%	0.0000297649%	0.0000411928%
Employer's proportionate share of the net pension liability	\$ 26,125	\$ 19,499	\$ 25,069
State's proportionate share of the net pension liability associated with the employer	<u>1,309,941</u>	<u>1,164,346</u>	<u>1,149,995</u>
<b>Total</b>	<u>\$ 1,336,066</u>	<u>\$ 1,183,845</u>	<u>\$ 1,175,064</u>
Employer's covered payroll	\$ 247,109	\$ 180,642	\$ 187,869
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.6%	10.8%	13.3%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

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

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

	FY16	FY15	FY14
Statutorily-required contribution	\$ 1,065	\$ 1,263	\$ 1,043
Contributions in relation to the statutorily-required contribution	<u>1,162</u>	<u>1,163</u>	<u>1,062</u>
Contribution deficiency (excess)	<u>\$ (97)</u>	<u>\$ 100</u>	<u>\$ (19)</u>
Employer's covered payroll	\$ 135,916	\$ 247,109	\$ 180,642
Contributions as a percentage of covered payroll	0.85%	0.47%	0.59%

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

**Notes to This Required Supplementary Information**  
 Changes of assumptions

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

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

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

OTHER SUPPLEMENTARY INFORMATION

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2017

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 74,695	\$ 53,258	\$ 578,148	\$ 102,185	\$ 15,913
Accounts receivable	-	-	64	3,209	-
Due from other funds	292,695	-	-	-	-
Due from other governments					
Local	11,407	656	-	-	-
State	-	-	-	-	-
Investments	-	-	64,989	-	-
<b>TOTAL ASSETS</b>	<b>\$ 378,797</b>	<b>\$ 53,914</b>	<b>\$ 643,201</b>	<b>\$ 105,394</b>	<b>\$ 15,913</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,075	\$ 564	\$ 133,479	\$ 1,998	\$ -
<b>Total liabilities</b>	<b>1,075</b>	<b>564</b>	<b>133,479</b>	<b>1,998</b>	<b>-</b>
<b>FUND BALANCE</b>					
Assigned	-	53,350	-	-	-
Unassigned	377,722	-	509,722	103,396	15,913
<b>Total fund balance</b>	<b>377,722</b>	<b>53,350</b>	<b>509,722</b>	<b>103,396</b>	<b>15,913</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 378,797</b>	<b>\$ 53,914</b>	<b>\$ 643,201</b>	<b>\$ 105,394</b>	<b>\$ 15,913</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2017

	Postage Fund	School Directory	Lafayette Academy	Dental Sealants Fund	Pike County Film Coop	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,087	\$ 17,858	\$ 3,672	\$ 22,120	\$ 7,448	\$ 881,384
Accounts receivable	-	-	-	-	-	3,273
Due from other funds	-	-	-	-	-	292,695
Due from other governments						
Local	-	-	-	-	-	12,063
State	-	-	-	1,816	-	1,816
Investments	-	-	-	-	-	64,989
<b>TOTAL ASSETS</b>	<b>\$ 6,087</b>	<b>\$ 17,858</b>	<b>\$ 3,672</b>	<b>\$ 23,936</b>	<b>\$ 7,448</b>	<b>\$ 1,256,220</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,116
Total liabilities	-	-	-	-	-	137,116
<b>FUND BALANCE</b>						
Assigned	-	17,858	3,672	23,936	7,448	106,264
Unassigned	6,087	-	-	-	-	1,012,840
Total fund balance	6,087	17,858	3,672	23,936	7,448	1,119,104
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,087</b>	<b>\$ 17,858</b>	<b>\$ 3,672</b>	<b>\$ 23,936</b>	<b>\$ 7,448</b>	<b>\$ 1,256,220</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Operations	Fingerprinting	General State Aid	Miscellaneous Fund	Copier Fund
<b>REVENUES</b>					
Local sources	\$ 353,966	\$ 37,519	\$ -	\$ 44,983	\$ 867
On-behalf payments - Local	34,231	-	-	-	-
State sources	-	-	761,754	-	-
On-behalf payments - State	-	-	273,793	-	-
Investment earnings	842	225	2,623	1,907	84
<b>Total Revenues</b>	<b>389,039</b>	<b>37,744</b>	<b>1,038,170</b>	<b>46,890</b>	<b>951</b>
<b>EXPENDITURES</b>					
Salaries and benefits	165,886	-	269,170	30,830	-
Pension expense	10,031	-	10,557	1,826	-
Purchased services	39,817	22,751	62,985	905	-
Supplies and materials	3,004	154	5,092	3,485	-
Other objects	-	-	-	53	-
Capital outlay	-	-	5,279	4,800	-
Payments to governments	-	-	490,017	-	-
On-behalf expenditures - Local	34,231	-	-	-	-
On-behalf expenditures - State	-	-	273,793	-	-
<b>Total Expenditures</b>	<b>252,969</b>	<b>22,905</b>	<b>1,116,893</b>	<b>41,899</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>136,070</b>	<b>14,839</b>	<b>(78,723)</b>	<b>4,991</b>	<b>951</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	(16,092)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(16,092)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>136,070</b>	<b>14,839</b>	<b>(94,815)</b>	<b>4,991</b>	<b>951</b>
<b>FUND BALANCE - BEGINNING</b>	<b>241,652</b>	<b>38,511</b>	<b>604,537</b>	<b>98,405</b>	<b>14,962</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 377,722</b>	<b>\$ 53,350</b>	<b>\$ 509,722</b>	<b>\$ 103,396</b>	<b>\$ 15,913</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Postage Fund	School Directory	Lafayette Academy	Dental Sealants Fund	Pike County Film Coop	Totals
<b>REVENUES</b>						
Local sources	\$ 329	\$ 8,010	\$ -	\$ -	\$ -	\$ 445,674
On-behalf payments - Local	-	-	-	-	-	34,231
State sources	-	-	-	4,630	-	766,384
On-behalf payments - State	-	-	-	-	-	273,793
Investment earnings	27	106	-	4	51	5,869
Total Revenues	<u>356</u>	<u>8,116</u>	<u>-</u>	<u>4,634</u>	<u>51</u>	<u>1,525,951</u>
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	-	-	-	465,886
Pension expense	-	-	-	-	-	22,414
Purchased services	1	3,852	-	1,143	-	131,454
Supplies and materials	-	85	-	-	-	11,820
Other objects	-	1,656	-	-	-	1,709
Capital outlay	-	-	-	-	-	10,079
Payments to governments	-	-	-	-	-	490,017
On-behalf expenditures - Local	-	-	-	-	-	34,231
On-behalf expenditures - State	-	-	-	-	-	273,793
Total Expenditures	<u>1</u>	<u>5,593</u>	<u>-</u>	<u>1,143</u>	<u>-</u>	<u>1,441,403</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>355</u>	<u>2,523</u>	<u>-</u>	<u>3,491</u>	<u>51</u>	<u>84,548</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	-	-	(16,092)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,092)</u>
<b>NET CHANGE IN FUND BALANCE</b>	355	2,523	-	3,491	51	68,456
<b>FUND BALANCE - BEGINNING</b>	<u>5,732</u>	<u>15,335</u>	<u>3,672</u>	<u>20,445</u>	<u>7,397</u>	<u>1,050,648</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 6,087</u>	<u>\$ 17,858</u>	<u>\$ 3,672</u>	<u>\$ 23,936</u>	<u>\$ 7,448</u>	<u>\$ 1,119,104</u>



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

	Regional Office of Prevention Effectiveness Services (ROPES)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program	National School Breakfast Program
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 14,019	\$ 23	\$ -	\$ 11,729	\$ 3,345
Accounts receivable	-	-	-	-	-	-
Due from other governments:						
Local	-	-	-	-	-	-
State	-	182,372	-	743	-	-
Federal	11,300	-	-	-	26	18
<b>TOTAL ASSETS</b>	<b>\$ 11,300</b>	<b>\$ 196,391</b>	<b>\$ 23</b>	<b>\$ 743</b>	<b>\$ 11,755</b>	<b>\$ 3,363</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	11,228	182,372	-	-	-	-
Due to other governments:						
Local	72	-	-	743	2,793	-
State	-	-	23	-	-	409
Federal	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>11,300</b>	<b>182,372</b>	<b>23</b>	<b>743</b>	<b>2,793</b>	<b>409</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	-	91,182	-	-	-	-
<b>FUND BALANCE</b>						
Restricted	-	-	-	-	8,962	2,954
Unassigned	-	(77,163)	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>(77,163)</b>	<b>-</b>	<b>-</b>	<b>8,962</b>	<b>2,954</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 11,300</b>	<b>\$ 196,391</b>	<b>\$ 23</b>	<b>\$ 743</b>	<b>\$ 11,755</b>	<b>\$ 3,363</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Tracy National Institute for School Leadership	Schools Against Fearful Environment (SAFE)	Regional Safe Schools Cooperative
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 84,897	\$ -	\$ -
Accounts receivable	-	-	-	838	-	-
Due from other governments:						
Local	-	-	-	-	29,642	-
State	-	53,760	-	-	-	-
Federal	3,481	-	57,938	-	-	38,940
<b>TOTAL ASSETS</b>	<b>\$ 3,481</b>	<b>\$ 53,760</b>	<b>\$ 57,938</b>	<b>\$ 85,735</b>	<b>\$ 29,642</b>	<b>\$ 38,940</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,861	\$ -	\$ 38,940
Due to other funds	3,481	16,373	57,938	-	-	-
Due to other governments:						
Local	-	37,387	-	-	-	-
State	-	-	-	-	-	-
Federal	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,481</b>	<b>53,760</b>	<b>57,938</b>	<b>1,861</b>	<b>-</b>	<b>38,940</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	-	31,659	-	-	-	38,940
<b>FUND BALANCE</b>						
Restricted	-	-	-	83,874	29,642	-
Unassigned	-	(31,659)	-	-	-	(38,940)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>(31,659)</b>	<b>-</b>	<b>83,874</b>	<b>29,642</b>	<b>(38,940)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 3,481</b>	<b>\$ 53,760</b>	<b>\$ 57,938</b>	<b>\$ 85,735</b>	<b>\$ 29,642</b>	<b>\$ 38,940</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

	Math Blast	Title II - Teacher Quality - Leadership	Early Childhood Education Initiative	Foundational Services	Reading: A Healthy Start	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 43,845	\$ -	\$ 1,529	\$ 159,387
Accounts receivable	-	-	-	-	-	838
Due from other governments:						
Local	-	-	2,346	-	-	31,988
State	-	-	-	-	-	236,875
Federal	-	3,225	-	20,472	-	135,400
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 3,225</b>	<b>\$ 46,191</b>	<b>\$ 20,472</b>	<b>\$ 1,529</b>	<b>\$ 564,488</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 330	\$ 933	\$ -	\$ 42,064
Due to other funds	-	3,225	-	18,078	-	292,695
Due to other governments:						
Local	-	-	-	-	-	40,995
State	-	-	-	-	-	432
Federal	-	-	-	1,461	-	1,461
<b>Total Liabilities</b>	<b>-</b>	<b>3,225</b>	<b>330</b>	<b>20,472</b>	<b>-</b>	<b>377,647</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	-	-	-	-	-	161,781
<b>FUND BALANCE</b>						
Restricted	-	-	45,861	-	1,529	172,822
Unassigned	-	-	-	-	-	(147,762)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>45,861</b>	<b>-</b>	<b>1,529</b>	<b>25,060</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 3,225</b>	<b>\$ 46,191</b>	<b>\$ 20,472</b>	<b>\$ 1,529</b>	<b>\$ 564,488</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Regional Office of Prevention Effectiveness Services (ROPEs)	Truants Alternative and Optional Education	ROE/ISC Operations	State Free Lunch and Breakfast	National School Lunch Program	National School Breakfast Program
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	91,190	114,447	981	-	-
Federal sources	65,359	-	-	-	52,391	15,169
Investment earnings	-	-	-	-	-	-
Total Revenues	<u>65,359</u>	<u>91,190</u>	<u>114,447</u>	<u>981</u>	<u>52,391</u>	<u>15,169</u>
<b>EXPENDITURES</b>						
Salaries and benefits	52,312	139,899	93,438	-	-	-
Pension expense	3,742	9,069	1,266	-	-	-
Purchased services	7,123	29,666	12,943	-	-	-
Supplies and materials	2,182	3,738	6,800	-	-	-
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	981	47,910	13,692
Total Expenditures	<u>65,359</u>	<u>182,372</u>	<u>114,447</u>	<u>981</u>	<u>47,910</u>	<u>13,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(91,182)</u>	<u>-</u>	<u>-</u>	<u>4,481</u>	<u>1,477</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(91,182)	-	-	4,481	1,477
FUND BALANCE - BEGINNING	<u>-</u>	<u>14,019</u>	<u>-</u>	<u>-</u>	<u>4,481</u>	<u>1,477</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ (77,163)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,962</u>	<u>\$ 2,954</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	McKinney Education for Homeless Children	Regional Safe Schools	Child and Family Connections	Tracy National Institute for School Leadership	Schools Against Fearful Environment (SAFE)	Regional Safe Schools Cooperative
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ 121,768	\$ 64,369	\$ -
State sources	-	44,205	345,430	-	-	-
Federal sources	19,363	-	60,742	-	-	35,330
Investment earnings	-	-	-	-	45	-
<b>Total Revenues</b>	<b>19,363</b>	<b>44,205</b>	<b>406,172</b>	<b>121,768</b>	<b>64,414</b>	<b>35,330</b>
<b>EXPENDITURES</b>						
Salaries and benefits	16,951	35,948	296,521	15,380	-	-
Pension expense	2,002	2,424	23,463	-	-	-
Purchased services	1,390	105	48,401	53,949	-	74,270
Supplies and materials	1,003	-	12,014	4,151	-	-
Other objects	-	-	19,373	-	-	-
Capital outlay	-	-	6,400	-	-	-
Payments to other governments	-	37,387	-	-	50,864	-
<b>Total Expenditures</b>	<b>21,346</b>	<b>75,864</b>	<b>406,172</b>	<b>73,480</b>	<b>50,864</b>	<b>74,270</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,983)</b>	<b>(31,659)</b>	<b>-</b>	<b>48,288</b>	<b>13,550</b>	<b>(38,940)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	16,092	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,092</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,983)</b>	<b>(31,659)</b>	<b>-</b>	<b>48,288</b>	<b>29,642</b>	<b>(38,940)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,983</b>	<b>-</b>	<b>-</b>	<b>35,586</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ (31,659)</b>	<b>\$ -</b>	<b>\$ 83,874</b>	<b>\$ 29,642</b>	<b>\$ (38,940)</b>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Math Blast	Title II - Teacher Quality - Leadership	Early Childhood Education Initiative	Foundational Services	Reading: A Healthy Start	Totals
<b>REVENUES</b>						
Local sources	\$ 500	\$ -	\$ 77,784	\$ -	\$ 4,000	\$ 268,421
State sources	-	-	-	-	-	596,253
Federal sources	-	3,725	-	60,216	-	312,295
Investment earnings	-	-	-	-	-	45
Total Revenues	500	3,725	77,784	60,216	4,000	1,177,014
<b>EXPENDITURES</b>						
Salaries and benefits	-	225	25,979	23,772	-	700,425
Pension expense	-	-	151	270	-	42,387
Purchased services	-	3,500	8,243	35,112	2,471	277,173
Supplies and materials	500	-	26,377	1,062	-	57,827
Other objects	-	-	-	-	-	19,373
Capital outlay	-	-	-	-	-	6,400
Payments to other governments	-	-	-	-	-	150,834
Total Expenditures	500	3,725	60,750	60,216	2,471	1,254,419
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	17,034	-	1,529	(77,405)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	16,092
Total Other Financing Sources (Uses)	-	-	-	-	-	16,092
<b>NET CHANGE IN FUND BALANCE</b>	-	-	17,034	-	1,529	(61,313)
<b>FUND BALANCE - BEGINNING</b>	-	-	28,827	-	-	86,373
<b>FUND BALANCE - ENDING</b>	\$ -	\$ -	\$ 45,861	\$ -	\$ 1,529	\$ 25,060

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL OFFICE OF PREVENTION EFFECTIVENESS SERVICES (ROPES)  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 69,186	\$ 69,186	\$ 65,359
Total Revenue	<u>69,186</u>	<u>69,186</u>	<u>65,359</u>
<b>EXPENDITURES</b>			
Salaries and benefits	55,015	55,015	52,312
Pension expense	-	-	3,742
Purchased services	9,714	9,714	7,123
Supplies and materials	4,457	4,457	2,182
Total Expenditures	<u>69,186</u>	<u>69,186</u>	<u>65,359</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 182,372	\$ 182,372	\$ 91,190
Total Revenue	<u>182,372</u>	<u>182,372</u>	<u>91,190</u>
<b>EXPENDITURES</b>			
Salaries and benefits	149,471	149,471	139,899
Pension expense	-	-	9,069
Purchased services	29,925	29,925	29,666
Supplies and materials	2,976	2,976	3,738
Total Expenditures	<u>182,372</u>	<u>182,372</u>	<u>182,372</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (91,182)
 FUND BALANCE (DEFICIT) - BEGINNING	 -	 -	 14,019
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (77,163)</u>



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 114,447	\$ 114,447	\$ 114,447
Total Revenue	<u>114,447</u>	<u>114,447</u>	<u>114,447</u>
<b>EXPENDITURES</b>			
Salaries and benefits	90,511	99,208	93,438
Pension expense	-	-	1,266
Purchased services	20,436	10,439	12,943
Supplies and materials	3,500	4,800	6,800
Total Expenditures	<u>114,447</u>	<u>114,447</u>	<u>114,447</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
McKINNEY EDUCATION FOR HOMELESS CHILDREN  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
Federal sources	\$ 18,224	\$ 22,900	\$ 19,363
Total Revenue	<u>18,224</u>	<u>22,900</u>	<u>19,363</u>
<b>EXPENDITURES</b>			
Salaries and benefits	17,300	19,960	16,951
Pension expense	-	-	2,002
Purchased services	924	1,940	1,390
Supplies and materials	-	1,000	1,003
Total Expenditures	<u>18,224</u>	<u>22,900</u>	<u>21,346</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (1,983)
 FUND BALANCE - BEGINNING	 -	 -	 1,983
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
State sources	\$ 80,471	\$ 80,471	\$ 44,205
Total Revenue	<u>80,471</u>	<u>80,471</u>	<u>44,205</u>
<b>EXPENDITURES</b>			
Salaries and benefits	38,800	38,800	35,948
Pension expense	-	-	2,424
Purchased services	4,284	4,284	105
Payments to other governments	<u>37,387</u>	<u>37,387</u>	<u>37,387</u>
Total Expenditures	<u>80,471</u>	<u>80,471</u>	<u>75,864</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (31,659)
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (31,659)</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
CHILD AND FAMILY CONNECTIONS  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
State sources	\$ 422,630	\$ 422,630	\$ 345,430
Federal sources	-	-	60,742
Total Revenue	<u>422,630</u>	<u>422,630</u>	<u>406,172</u>
<b>EXPENDITURES</b>			
Salaries and benefits	325,595	325,595	296,521
Pension expense	-	-	23,463
Purchased services	57,721	57,721	48,401
Supplies and materials	13,500	13,500	12,014
Other objects	25,814	25,814	19,373
Capital outlay	-	-	6,400
Total Expenditures	<u>422,630</u>	<u>422,630</u>	<u>406,172</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS COOPERATIVE (16-3999)  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 38,337	\$ 38,337	\$ 35,330
Total Revenue	<u>38,337</u>	<u>38,337</u>	<u>35,330</u>
EXPENDITURES			
Purchased services	38,337	38,337	35,330
Total Expenditures	<u>38,337</u>	<u>38,337</u>	<u>35,330</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from November 30, 2015, through August 31, 2016; only part of the grant was received and expended in the current fiscal year.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE (17-3999)  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 38,940	\$ 38,940	\$ -
Total Revenue	<u>38,940</u>	<u>38,940</u>	<u>-</u>
<b>EXPENDITURES</b>			
Purchased services	38,940	38,940	38,940
Total Expenditures	<u>38,940</u>	<u>38,940</u>	<u>38,940</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (38,940)
 FUND BALANCE (DEFICIT) - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (38,940)</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from August 1, 2016, through August 31, 2017; the revenue had not been received yet as of June 30, 2017.

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II - TEACHER QUALITY - LEADERSHIP  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 4,410	\$ 4,410	\$ 3,725
Total Revenue	<u>4,410</u>	<u>4,410</u>	<u>3,725</u>
<b>EXPENDITURES</b>			
Salaries and benefits	225	225	225
Purchased services	4,185	4,185	3,500
Total Expenditures	<u>4,410</u>	<u>4,410</u>	<u>3,725</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
FOUNDATIONAL SERVICES  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 74,996	\$ 74,996	\$ 60,216
Total Revenue	<u>74,996</u>	<u>74,996</u>	<u>60,216</u>
<b>EXPENDITURES</b>			
Salaries and benefits	35,880	35,880	23,772
Pension Expense	-	-	270
Purchased services	37,241	37,241	35,112
Supplies and materials	1,875	1,875	1,062
Total Expenditures	<u>74,996</u>	<u>74,996</u>	<u>60,216</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>



ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 35,821	\$ 29,390	\$ 165,497	\$ 230,708
Accounts receivable	-	70	-	70
Investments	-	-	6,889	6,889
<b>TOTAL ASSETS</b>	<u><u>\$ 35,821</u></u>	<u><u>\$ 29,460</u></u>	<u><u>\$ 172,386</u></u>	<u><u>\$ 237,667</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 48	\$ -	\$ 48
Total Liabilities	<u>-</u>	<u>48</u>	<u>-</u>	<u>48</u>
<b>FUND BALANCE</b>				
Restricted	<u>35,821</u>	<u>29,412</u>	<u>172,386</u>	<u>237,619</u>
Total Fund Balance	<u>35,821</u>	<u>29,412</u>	<u>172,386</u>	<u>237,619</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 35,821</u></u>	<u><u>\$ 29,460</u></u>	<u><u>\$ 172,386</u></u>	<u><u>\$ 237,667</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	General Education Development	Bus Driver Training	Institute	Totals
<b>REVENUES</b>				
Local sources	\$ 4,510	\$ 4,882	\$ 44,856	\$ 54,248
State sources	-	1,563	-	1,563
Investment earnings	-	134	793	927
Total Revenues	<u>4,510</u>	<u>6,579</u>	<u>45,649</u>	<u>56,738</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	-	9,046	9,046
Pension expense	-	-	1,128	1,128
Purchased services	397	2,958	-	3,355
Supplies and materials	773	21	818	1,612
Other objects	-	641	2,825	3,466
Total Expenditures	<u>1,170</u>	<u>3,620</u>	<u>13,817</u>	<u>18,607</u>
NET CHANGE IN FUND BALANCE	3,340	2,959	31,832	38,131
FUND BALANCE - BEGINNING, Restated (See Note 13)	<u>32,481</u>	<u>26,453</u>	<u>140,554</u>	<u>199,488</u>
FUND BALANCE - ENDING	<u><u>\$ 35,821</u></u>	<u><u>\$ 29,412</u></u>	<u><u>\$ 172,386</u></u>	<u><u>\$ 237,619</u></u>

ADAMS/BROWN/CASS/MORGAN/PIKE/SCOTT COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>PIKE COUNTY SCHOOL FACILITY</u>				
<u>OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 408,444	5,071,510	\$ 5,478,913	\$ 1,041
Due from other governments	<u>1,235,655</u>	<u>1,330,464</u>	<u>1,235,655</u>	<u>1,330,464</u>
Total Assets	<u><u>\$ 1,644,099</u></u>	<u><u>\$ 6,401,974</u></u>	<u><u>\$ 6,714,568</u></u>	<u><u>\$ 1,331,505</u></u>
LIABILITIES				
Due to other governments	<u>\$ 1,644,099</u>	<u>\$ 6,401,974</u>	<u>\$ 6,714,568</u>	<u>\$ 1,331,505</u>
Total Liabilities	<u><u>\$ 1,644,099</u></u>	<u><u>\$ 6,401,974</u></u>	<u><u>\$ 6,714,568</u></u>	<u><u>\$ 1,331,505</u></u>