

**State of Illinois**  
**FULTON/HANCOCK/MCDONOUGH/  
SCHUYLER COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #26**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2017**

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
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FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Mr. John Meixner

Assistant Regional Superintendent  
(Current and During the Audit Period)

Mr. Dave Demler

Offices are located at:

130 South LaFayette Street, Suite 200  
Macomb, Illinois 61455

257 West Lincoln Avenue  
Lewistown, Illinois 61542

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports 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                                       | 4                 | 3                  |
| Repeated audit findings                              | 3                 | 3                  |
| Prior recommendations implemented<br>or not repeated | 0                 | 3                  |

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> |
|---|-------------|---|---------------------|
| <i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i> |             |   |                     |
| 2017-001  | 12a         | Controls over Financial Statement Preparation | Material Weakness   |
| 2017-002  | 12d         | Inadequate Internal Control Procedures        | Material Weakness   |
| 2017-003  | 12f         | Inadequate Internal Controls over Inventory   | Material Weakness   |
| 2017-004  | 12g         | Transfers and Fund Balance                    | Material Weakness   |

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

None

*PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)*

None

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on September 28, 2017, with Dave Demler, Assistant Regional Superintendent; Allyson Curry, Bookkeeper; Deb Wright, Chief Bookkeeper; Lori Warden, Administrative Assistant; and Tami Knight, CPA, Kemper CPA Group. Responses to the recommendations were provided by John Meixner, Regional Superintendent.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Regional Office of Education #26 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed qualified opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund.



## 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 Regional Office of Education #26, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #26's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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



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

### **Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund**

We did not observe the taking of the physical inventories in the Western Area Purchasing Co-op enterprise fund, since the Regional Office does not perform a physical inventory count at year end. Because of the inadequacy of accounting records related to inventory, we were unable to obtain sufficient appropriate audit evidence about inventory quantities using other auditing procedures. The inventory quantities affect the amounts due from and due to other governments, the revenues, expenses, and the fund balance in the Western Area Purchasing Co-op enterprise fund. The amounts by which due from other governments, due to other governments, revenues, expenses, and fund balance would be affected have not been determined.

### **Qualified Opinions**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinions on the Business-Type Activities and the Western Area Purchasing Co-op Enterprise Fund paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the Western Area Purchasing Co-op enterprise fund of the Regional Office of Education #26, 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.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund, and the aggregate remaining fund information of the Regional Office of Education #26, 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 15a through 15g and 60 through 62 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 Regional Office of Education #26's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to Other Entities – Distributive Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to Other Entities – Distributive Fund 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 March 27, 2018, on our consideration of the Regional Office of Education #26's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Regional Office of Education #26'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 Regional Office of Education #26's internal control over financial reporting and compliance.

Original signature on file

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
March 27, 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 Regional Office of Education #26, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Regional Office of Education #26's basic financial statements and have issued our report thereon dated March 27, 2018. We expressed qualified opinions on the financial statements of the Western Area Purchasing Co-op enterprise fund and the business-type activities because we were unable to obtain sufficient appropriate audit evidence about inventory quantities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26'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 Regional Office of Education #26's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Office of Education #26's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2017-001, 2017-002, 2017-003, and 2017-004 that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional Office of Education #26'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 *Governmental Auditing Standards*.

### Regional Office of Education #26's Responses to Findings

Fulton/Hancock/McDonough/Schuyler Regional Office of Education #26's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Regional Office of Education #26'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 result of that testing, and not to provide an opinion on the effectiveness of Regional Office of Education #26's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Regional Office of Education #26'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  
March 27, 2018

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2017

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

**Financial Statements**

Type of auditors’ report issued: Qualified opinions on the Business-Type Activities and the Western Area Purchasing Co-Op Enterprise Fund

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)**

**Criteria/Specific Requirement:**

The Regional Office of Education #26 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

**Condition:**

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records using cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Continued)**

**Condition (Concluded):**

During review of the financial information prepared by the Regional Office of Education #26, auditors noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and unearned revenue.
- Numerous material adjustments were needed to make the financial statements comply with generally accepted accounting principles.
- The Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries by auditors were approved and accepted by the Regional Office's management.

**Effect:**

The Regional Office of Education #26's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

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



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Concluded)**

**Auditor’s Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education #26 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 the applicable GAAP, GASB pronouncements, and knowledge of the ROE’s activities and operations.

**Management’s Response:**

The Regional Office of Education's #26 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 limited funds available to provide educational services for the schools in the region.

The Regional Office of Education #26 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. ROE's are simply not resourced at an adequate nor equitable levels to comply with the mounting GAAP standards.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 16-002, 15-002, 14-002, 13-002, and 12-02)**

**Criteria/Specific Requirement:**

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

**Condition:**

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

- A. There is inadequate segregation of duties over cash receipts. Payments received by check are given to the individual who records them in the accounting system. The individual who records receipts should not have physical custody of the receipts.
- B. Several items totaling \$8,853 were appropriately included as capital assets in the general ledger; however, these items were not included in the capital asset schedule presented to auditors.

**Effect:**

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

**Cause:**

The Regional Office of Education #26 has not established or documented sufficient internal control procedures.

**Auditor’s Recommendation:**

- A. The individual responsible for recording cash receipts should not be given physical access to the receipts. An individual independent of the recording process should make cash deposits and verify the amounts recorded agree to deposit records.
- B. The Regional Office should establish procedures to ensure its capital asset schedule is maintained in accordance with the Regional Office’s capital asset policy. The capital asset schedule should be reconciled to the general ledger capital asset and capital outlay accounts.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Partial repeat from  
Finding No. 16-002, 15-002, 14-002, 13-002, and 12-02) (Concluded)**

**Management's Response:**

- A. As noted in the procedures statement presented to the ROE during the audit, it was established that the ROE separates the duties of cash receipts and system entry as much as possible with the available staff.
  
- B. The ROE will review the current auditors' recommendation and will revise the ROE's policies, procedures and/or practices to address the finding noted as needed.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-003 – Inadequate Internal Controls over Inventory (Repeated from Finding No. 16-003, 15-005)**

**Criteria/Specific Requirement:**

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

**Condition:**

The Regional Office was not able to provide auditors with documentation to support the provided inventory value. In addition, the inventory value recorded in the Regional Office's general ledger was not adjusted to the year-end value.

**Effect:**

The value of inventory at June 30 could not be determined. Auditors qualified their opinion on inventory in the FY17 financial statements.

**Cause:**

The Western Area Purchasing Co-op does not perform a physical inventory count at year end; rather, they perform a physical count after most inventory has been delivered to Co-op members and calculate the year-end inventory value from supporting documents, such as vendor invoices, shipping manifests, and receipts of delivery to Co-op members. These documents did not support the inventory value reported by the Co-op.

**Auditor's Recommendation:**

The Western Area Purchasing Co-op staff should perform a physical inventory count on or near the fiscal year end or should maintain adequate documentation to support the calculated year-end value. The accurate inventory value should be recorded in the Regional Office's general ledger.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-003 – Inadequate Internal Controls over Inventory (Repeated from  
Finding No. 16-003, 15-005) (Concluded)**

**Management's Response:**

The Regional Office of Education #26 agrees with this finding after review of the documentation that the Western Area Purchasing Co-op provided. The Regional Office of Education #26 will discuss with the Western Area Purchasing Co-op the need to create and maintain adequate documentation or inventory system to support the calculated year-end inventory value.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Finding No. 2017-004 – Transfers and Fund Balance**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting processes, including consolidation of accounting records, to ensure accurate financial information.

**Condition:**

Auditors noted the following issues related to the initial transfer in, transfer out, and fund balance account balances provided by the Regional Office:

- Transfer in accounts totaled \$362,733 and transfer out accounts totaled \$833,640, which resulted in transfer in and transfer out accounts being out of balance by \$470,907.
- Twenty-nine (29) of thirty-eight (38) beginning fund balance account balances did not agree with the ending fund balance account balances from June 30, 2016. In addition, the Regional Offices beginning fund balance in total was \$112,549 less than the total ending fund balance at June 30, 2016.

**Effect:**

The Regional Office financial information was not accurate.

**Cause:**

The employee(s) responsible for consolidating the accounting records of the Regional Office of Education #22 into the accounting records of the Regional Office of Education #26 in FY16 and FY17 did not possess the appropriate knowledge and expertise related to the applicable accounting principles.

**Auditor's Recommendation:**

The Regional Office of Education #26 should implement comprehensive procedures to ensure that the financial information is complete and accurate. As complex accounting issues arise, the Regional Office should engage the services of an independent accountant with significant governmental accounting experience to assist.

**Management's Response:**

The Regional Office of Education #26 consulted with the accounting software vendor about consolidating accounting records and interpreted that transfers in and out with proper description would define transactions needed between old and new accounting systems. The ROE finds this situation unique due to the consolidation of ROE's in the State. Should any similar situation arise again in the future, the ROE will establish an independent accountant to assist with the consolidating of accounting systems to ensure correct account balances.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 (Repeated from Finding No. 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)**

**Condition:**

The Regional Office of Education #26 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #26 maintains its accounting records using cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #26 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the financial information prepared by the Regional Office of Education #26, auditors noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and unearned revenue.
- Numerous material adjustments were needed to make the financial statements comply with generally accepted accounting principles.
- The Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries by auditors were approved and accepted by the Regional Office's management.

**Plan:**

The Regional Office of Education #26 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeated from Finding No. 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Concluded)**

The Regional Office of Education #26 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. The organization will also research the possibility of having another accounting company prepare our financial statements independent of the auditors.

**Anticipated Date of Completion:**

Undetermined

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Finding No. 2017-002 – Inadequate Internal Control Procedures (Partial repeat from Finding No. 16-002, 15-002, 14-002, 13-002, and 12-02)**

**Condition:**

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

- A. There is inadequate segregation of duties over cash receipts. Payments received by check are given to the individual who records them in the accounting system. The individual who records receipts should not have physical custody of the receipts.
- B. Several items totaling \$8,853 were appropriately included as capital assets in the general ledger; however, these items were not included in the capital asset schedule presented to auditors.

**Plan:**

- A. The individual responsible for recording cash receipts will not be given physical access to the receipts. An individual independent of the recording process will make cash deposits and verify that the amounts recorded agree to deposit records.
- B. The Regional Office will establish procedures to ensure its capital asset schedule is maintained in accordance with the Regional Office’s capital asset policy. The capital asset schedule will be reconciled to the general ledger capital asset and capital outlay accounts.

**Anticipated Date of Completion:**

June 30, 2018

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Finding No. 2017-003 – Inadequate Internal Controls over Inventory (Repeated from Finding No. 16-003, 15-005)**

**Condition:**

The Regional Office was not able to provide auditors with documentation to support the provided inventory value. In addition, the inventory value recorded in the Regional Office's general ledger was not adjusted to the year-end value.

**Plan:**

The Regional Office of Education #26 will discuss with the Western Area Purchasing Co-op the need to create and maintain adequate documentation or inventory system to support the calculated year-end inventory value.

**Anticipated Date of Completion:**

June 30, 2018

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**Finding No. 2017-004 – Transfers and Fund Balance**

**Condition:**

Auditors noted the following issues related to the initial transfer in, transfer out, and fund balance account balances provided by the Regional Office:

- Transfer in accounts totaled \$362,733 and transfer out accounts totaled \$833,640, which resulted in transfer in and transfer out accounts being out of balance by \$470,907.
- Twenty-nine (29) of thirty-eight (38) beginning fund balance account balances did not agree with the ending fund balance account balances from June 30, 2016. In addition, the Regional Offices beginning fund balance in total was \$112,549 less than the total ending fund balance at June 30, 2016.

**Plan:**

The Regional Office of Education #26 will consult with an independent accountant to assist with the consolidating of accounting system to ensure correct account balances.

**Anticipated Date of Completion:**

June 30, 2018

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
JUNE 30, 2017

**Finding No.**

**Condition**

**Current Status**

None.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

The Fulton/Hancock/McDonough/Schuyler Counties Regional Office of Education #26 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information with the Regional Office of Education #26's financial statements, which follow.

**2017 Financial Highlights**

General Fund revenues increased by \$103,413, from \$1,052,430 in fiscal year 2016 (FY16) to \$1,155,843 in fiscal year 2017 (FY17). The General Fund expenditures decreased by \$27,686, from \$1,267,657 in FY16 to \$1,239,971 in FY17. The Regional Office experienced a decrease in the General Fund's fund balance of \$779,123 in FY16 to \$706,668 in FY17. The increase in revenues was due to increases from local sources, state sources, on-behalf payments, and investment earnings while the decrease in expenditures is due to a decrease in salaries and benefits, purchased services, supplies and materials, and other objects while pension expense, on-behalf payments and capital outlay increased slightly.

The Special Revenue Funds revenue decreased by \$254,020, from \$1,906,466 in FY16 to \$1,652,446 in FY17. The expenditures increased by \$13,815 from \$1,989,737 in FY16 to \$2,003,552 in FY17. The decrease in revenues resulted from an overall decrease in federal funding while the increase in expenditures was related to increases in salaries and benefits paid from these funds.

**Using This Annual Report**

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #26 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the nonmajor funds.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Reporting the Regional Office of Education #26 as a Whole**

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

The government-wide statements report information about the Regional Office of Education #26 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office of Education #26's assets, liabilities, and deferred inflow and outflows of resources. All of the current-year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

**Fund Financial Statements**

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #26 established other funds to control and manage money for particular purposes.

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

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Fund Financial Statements (Concluded)**

- 2) Proprietary funds account for services for which the Regional Office of Education #26 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

- 3) Fiduciary funds account for assets for which the Regional Office of Education #26 acts as fiscal agent for individuals and private or governmental organizations.

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

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office of Education #26's net position increased by \$607,461, from \$179,668 in FY16 to \$787,129 in FY17.

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

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



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

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

**CONDENSED STATEMENT OF NET POSITION**

June 30, 2017 and 2016

|   | Governmental      |                   | Business-type     |                     | Total             |                   |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
|   | Activities        |                   | Activities        |                     |                   |                   |
|   | 2017              | 2016              | 2017              | 2016                | 2017              | 2016              |
| <b>ASSETS</b>                                   |                   |                   |                   |                     |                   |                   |
| Current Assets                                  | \$ 1,220,239      | \$ 1,192,493      | \$ 511,108        | \$ 356,496          | \$ 1,731,347      | \$ 1,548,989      |
| Noncurrent Assets                               |                   |                   |                   |                     |                   |                   |
| Capital assets, net of depreciation             | 84,577            | 66,405            | 52,633            | 55,649              | 137,210           | 122,054           |
| <b>TOTAL ASSETS</b>                             | <b>1,304,816</b>  | <b>1,258,898</b>  | <b>563,741</b>    | <b>412,145</b>      | <b>1,868,557</b>  | <b>1,671,043</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                   |                   |                   |                     |                   |                   |
| Deferred outflows related to pensions           | 1,583,539         | 2,087,715         | -                 | -                   | 1,583,539         | 2,087,715         |
| <b>LIABILITIES</b>                              |                   |                   |                   |                     |                   |                   |
| Current Liabilities                             | 237,286           | 211,366           | 445,988           | 533,064             | 683,274           | 744,430           |
| Noncurrent Liabilities                          |                   |                   |                   |                     |                   |                   |
| Liability for compensated absences              | 98,091            | 55,457            | -                 | -                   | 98,091            | 55,457            |
| Net pension liability                           | 258,434           | 553,099           | -                 | -                   | 258,434           | 553,099           |
| <b>TOTAL LIABILITIES</b>                        | <b>593,811</b>    | <b>819,922</b>    | <b>445,988</b>    | <b>533,064</b>      | <b>1,039,799</b>  | <b>1,352,986</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                   |                   |                   |                     |                   |                   |
| Deferred inflows related to pensions            | 1,625,168         | 2,226,104         | -                 | -                   | 1,625,168         | 2,226,104         |
| <b>NET POSITION</b>                             |                   |                   |                   |                     |                   |                   |
| Invested in capital assets, net of related debt | 84,577            | 66,405            | 52,633            | 55,649              | 137,210           | 122,054           |
| Restricted-other                                | 276,285           | 183,874           | -                 | -                   | 276,285           | 183,874           |
| Unrestricted                                    | 308,514           | 50,308            | 65,120            | (176,568)           | 373,634           | (126,260)         |
| <b>TOTAL NET POSITION</b>                       | <b>\$ 669,376</b> | <b>\$ 300,587</b> | <b>\$ 117,753</b> | <b>\$ (120,919)</b> | <b>\$ 787,129</b> | <b>\$ 179,668</b> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2017

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

**CHANGES IN NET POSITION**

For the Years Ended June 30, 2017 and 2016

|                                     | Governmental             |                          | Business-type            |                            | Total                    |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
|                                     | Activities               | Activities               | Activities               | Activities                 | Activities               | Activities               |
|                                     | 2017                     | 2016                     | 2017                     | 2016                       | 2017                     | 2016                     |
| Revenues:                           |                          |                          |                          |                            |                          |                          |
| Program revenues:                   |                          |                          |                          |                            |                          |                          |
| Operating grants & contributions    | \$ 1,624,309             | \$ 1,843,801             | \$ -                     | \$ -                       | \$ 1,624,309             | \$ 1,843,801             |
| Charges for services                | -                        | -                        | 1,004,704                | 710,634                    | 1,004,704                | 710,634                  |
| General revenues:                   |                          |                          |                          |                            |                          |                          |
| Local sources                       | 509,906                  | 512,672                  | -                        | -                          | 509,906                  | 512,672                  |
| State sources                       | 796,725                  | 340,482                  | -                        | -                          | 796,725                  | 340,482                  |
| On-behalf payments                  | 747,582                  | 588,245                  | -                        | -                          | 747,582                  | 588,245                  |
| Transfers                           | 28,071                   | 28,037                   | (28,071)                 | (28,037)                   | -                        | -                        |
| Investment income                   | 1,396                    | 95                       | -                        | -                          | 1,396                    | 95                       |
| Total Revenues                      | <u>3,707,989</u>         | <u>3,313,332</u>         | <u>976,633</u>           | <u>682,597</u>             | <u>4,684,622</u>         | <u>3,995,929</u>         |
| Expenses:                           |                          |                          |                          |                            |                          |                          |
| Salaries & benefits                 | 1,931,291                | 1,975,027                | 32,353                   | 32,353                     | 1,963,644                | 2,007,380                |
| Purchased services                  | 509,858                  | 485,599                  | 59,147                   | 49,490                     | 569,005                  | 535,089                  |
| Supplies and materials              | 139,223                  | 131,277                  | 640,816                  | 637,470                    | 780,039                  | 768,747                  |
| Depreciation                        | 20,922                   | 27,105                   | 3,016                    | 3,380                      | 23,938                   | 30,485                   |
| Other objects                       | 6,586                    | 26,210                   | -                        | -                          | 6,586                    | 26,210                   |
| Payments to other governments       | 286,479                  | 251,151                  | -                        | -                          | 286,479                  | 251,151                  |
| Pension expense                     | (302,741)                | 330,350                  | 2,629                    | 2,921                      | (300,112)                | 333,271                  |
| On-behalf payments                  | 747,582                  | 588,245                  | -                        | -                          | 747,582                  | 588,245                  |
| Total Expenses                      | <u>3,339,200</u>         | <u>3,814,964</u>         | <u>737,961</u>           | <u>725,614</u>             | <u>4,077,161</u>         | <u>4,540,578</u>         |
| Change in net position              | 368,789                  | (501,632)                | 238,672                  | (43,017)                   | 607,461                  | (544,649)                |
| Net position - Beginning (Restated) | <u>300,587</u>           | <u>802,219</u>           | <u>(120,919)</u>         | <u>(77,902)</u>            | <u>179,668</u>           | <u>724,317</u>           |
| Net position - Ending               | <u><u>\$ 669,376</u></u> | <u><u>\$ 300,587</u></u> | <u><u>\$ 117,753</u></u> | <u><u>\$ (120,919)</u></u> | <u><u>\$ 787,129</u></u> | <u><u>\$ 179,668</u></u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Governmental Activities**

For FY17, revenues for governmental activities were \$3,707,989 and expenditures were \$3,339,200. Revenues increased and expenses decreased from FY16. The increased revenue is due to a combination of increases for State Sources, on-behalf payments and investment income. The decrease in expenses is due to less pension expenses and on-behalf payments.

**Business-Type Activities**

Combined revenue and expense for the Regional Office of Education #26's business-type activities increased net position by \$238,672. The increase in net position was due to increased fees for services and inventory for members of the Western Area Purchasing Co-op.

**Financial Analysis of the Regional Office of Education #26 Funds**

As previously noted, the Regional Office of Education #26 uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Regional Office's governmental funds report combined fund balances of \$555,834 in FY17 and \$962,997 in FY16, a decrease of \$407,163 (42%). The Regional Office's proprietary funds' net position was \$117,753 in FY17 and (\$120,919) in FY16, an increase of \$238,672 (197%).

**Governmental Fund Highlights**

Revenues for governmental funds were \$2,808,289 and expenditures were \$3,243,523 in FY17. Both decreased from FY16, primarily due to:

- The decrease of the FY17 Governmental Revenue funds were directly related to the late payments from the State. As of June 30, 2017 we received approximately 60% of owed FY17 funds.
- The decrease of revenue and expenditures are relative due to only figuring one entity in FY17 rather than factoring two entities in the past from ROE consolidation.

**Proprietary Fund Highlights**

Revenues for proprietary funds were \$1,004,704 and expenses were \$737,961 in FY17. The increase in revenues from FY17 were mainly attributable to an increase in fees for services and increased inventory for members of the Western Area Purchasing Coop. Expenses increased slightly in FY17 which were related to more supplies and materials ordered by the entities that were serviced by the Western Area Coop.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**Budgetary Highlights**

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

**Capital Assets**

The beginning value of capital assets increased during FY17. New asset additions totaled \$39,094 in FY17 and depreciation expense totaled \$23,938.

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

At the time these financial statements were prepared and audited, the Regional Office of Education #26 was aware of several existing circumstances that could affect its financial condition in the future:

- With the State of Illinois in the midst of an unprecedented financial crisis, the status of grant funding for the upcoming fiscal year is still questionable.
- As costs for consumers rise (energy, maintenance, etc.), there will be increasing demands for employees to have raises that match or exceed past practices. These will be difficult to honor as the four counties encompassed by the new Regional Office of Education #26 are burdened with considerable financial challenges.
- ROE26, along with the State ROE Association, is working to legislatively adjust future revenue projections. ROE26 is considering ways to adjust expenditures.
- All ROE's are anticipating much higher accountability standards due to GATA and the undetermined cost related to that.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #26, 130 South Lafayette Street, Suite 200, Macomb, IL 61455.

## BASIC FINANCIAL STATEMENTS

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF NET POSITION  
JUNE 30, 2017

|  | Primary Government         |                             |                   |
|--|----------------------------|-----------------------------|-------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total             |
| <b>ASSETS</b>                          |                            |                             |                   |
| Current Assets:                        |                            |                             |                   |
| Cash and cash equivalents              | \$ 242,859                 | \$ 4,741                    | \$ 247,600        |
| Due (to) from other funds              | (60,379)                   | 60,379                      | -                 |
| Due from other governments:            |                            |                             |                   |
| Local                                  | 88,400                     | 443,908                     | 532,308           |
| State                                  | 806,443                    | -                           | 806,443           |
| Federal                                | 140,528                    | -                           | 140,528           |
| Inventory                              | -                          | 2,080                       | 2,080             |
| Prepaid expenses                       | 2,388                      | -                           | 2,388             |
| <b>Total Current Assets</b>            | <b>1,220,239</b>           | <b>511,108</b>              | <b>1,731,347</b>  |
| Noncurrent Assets:                     |                            |                             |                   |
| Capital assets, being depreciated, net | 84,577                     | 52,633                      | 137,210           |
| <b>TOTAL ASSETS</b>                    | <b>1,304,816</b>           | <b>563,741</b>              | <b>1,868,557</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |                             |                   |
| Deferred outflows related to pensions  | 1,583,539                  | -                           | 1,583,539         |
| <b>LIABILITIES</b>                     |                            |                             |                   |
| Current Liabilities:                   |                            |                             |                   |
| Accounts payable                       | 64,803                     | 443,908                     | 508,711           |
| Note payable                           | 75,000                     | -                           | 75,000            |
| Accrued expenses                       | 82,971                     | -                           | 82,971            |
| Due to other governments:              |                            |                             |                   |
| Local                                  | -                          | 2,080                       | 2,080             |
| Unearned revenue                       | 14,512                     | -                           | 14,512            |
| <b>Total Current Liabilities</b>       | <b>237,286</b>             | <b>445,988</b>              | <b>683,274</b>    |
| Noncurrent Liabilities:                |                            |                             |                   |
| Liability for compensated absences     | 98,091                     | -                           | 98,091            |
| Net pension liability                  | 258,434                    | -                           | 258,434           |
| <b>Total Noncurrent Liabilities</b>    | <b>356,525</b>             | <b>-</b>                    | <b>356,525</b>    |
| <b>TOTAL LIABILITIES</b>               | <b>593,811</b>             | <b>445,988</b>              | <b>1,039,799</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                             |                   |
| Deferred inflows related to pensions   | 1,625,168                  | -                           | 1,625,168         |
| <b>NET POSITION (DEFICIT)</b>          |                            |                             |                   |
| Invested in capital assets             | 84,577                     | 52,633                      | 137,210           |
| Restricted-other                       | 276,285                    | -                           | 276,285           |
| Unrestricted                           | 308,514                    | 65,120                      | 373,634           |
| <b>TOTAL NET POSITION (DEFICIT)</b>    | <b>\$ 669,376</b>          | <b>\$ 117,753</b>           | <b>\$ 787,129</b> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

| FUNCTIONS/PROGRAMS                   | Program Revenues    |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                    |
|--------------------------------------|---------------------|-------------------------|--|--|-----------------------------|--------------------|
|                                      | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                   |                             | Total              |
|                                      |                     |                         |  | Governmental<br>Activities                           | Business-Type<br>Activities |                    |
| Primary Government:                  |                     |                         |  |  |                             |                    |
| Governmental Activities:             |                     |                         |  |  |                             |                    |
| Instructional Services:              |                     |                         |  |  |                             |                    |
| Salaries and benefits                | \$ 1,931,291        | \$ -                    | \$ 1,006,454                             | \$ (924,837)   | \$ -                        | \$ (924,837)       |
| Purchased services                   | 509,858             | -                       | 251,786                                  | (258,072)  | -                           | (258,072)          |
| Supplies and materials               | 139,223             | -                       | 84,643                                   | (54,580)   | -                           | (54,580)           |
| Other objects                        | 6,586               | -                       | 1,991                                    | (4,595)  | -                           | (4,595)            |
| Depreciation expense                 | 20,922              | -                       | -  | (20,922)   | -                           | (20,922)           |
| Capital outlay                       | -                   | -                       | 39,094                                   | 39,094   | -                           | 39,094             |
| Payments to other governments        | 286,479             | -                       | 240,341                                  | (46,138)   | -                           | (46,138)           |
| Pension expense                      | (302,741)           | -                       | -  | 302,741  | -                           | 302,741            |
| Administrative:                      |                     |                         |  |  |                             |                    |
| On-behalf payments - State           | 747,582             | -                       | -  | (747,582)  | -                           | (747,582)          |
| Total Governmental Activities        | <u>3,339,200</u>    | <u>-</u>                | <u>1,624,309</u>                         | <u>(1,714,891)</u>                                   | <u>-</u>                    | <u>(1,714,891)</u> |
| Business-Type Activities:            |                     |                         |  |  |                             |                    |
| Fees for services                    | 737,961             | 1,004,704               | -  | -  | 266,743                     | 266,743            |
| Total Business-Type Activities       | <u>737,961</u>      | <u>1,004,704</u>        | <u>-</u>                                 | <u>-</u>   | <u>266,743</u>              | <u>266,743</u>     |
| TOTAL PRIMARY GOVERNMENT             | <u>\$ 4,077,161</u> | <u>\$ 1,004,704</u>     | <u>\$ 1,624,309</u>                      | <u>(1,714,891)</u>                                   | <u>266,743</u>              | <u>(1,448,148)</u> |
| GENERAL REVENUES:                    |                     |                         |  |  |                             |                    |
| Local sources                        |                     |                         |  | 509,906  | -                           | 509,906            |
| State sources                        |                     |                         |  | 796,725  | -                           | 796,725            |
| On-behalf payments - State           |                     |                         |  | 747,582  | -                           | 747,582            |
| Transfers                            |                     |                         |  | 28,071   | (28,071)                    | -                  |
| Investment earnings                  |                     |                         |  | 1,396  | -                           | 1,396              |
| Total general revenues and transfers |                     |                         |  | <u>2,083,680</u>                                     | <u>(28,071)</u>             | <u>2,055,609</u>   |
| CHANGE IN NET POSITION               |                     |                         |  | 368,789  | 238,672                     | 607,461            |
| NET POSITION (DEFICIT) - BEGINNING   |                     |                         |  | 300,587  | (120,919)                   | 179,668            |
| NET POSITION (DEFICIT) - ENDING      |                     |                         |  | <u>\$ 669,376</u>                                    | <u>\$ 117,753</u>           | <u>\$ 787,129</u>  |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

|  | General<br>Fund   | Education<br>Fund   | Nonmajor Special<br>Revenue Funds | Eliminations        | Total<br>Governmental<br>Funds |
|--|-------------------|---------------------|-----------------------------------|---------------------|--------------------------------|
| <b>ASSETS</b>  |                   |                     |                                   |                     |                                |
| Cash and cash equivalents  | \$ 1,181          | \$ 60,125           | \$ 181,553                        | \$ -                | \$ 242,859                     |
| Due from other funds   | 881,547           | 18,865              | -                                 | (960,791)           | (60,379)                       |
| Due from other governments:                                      |                   |                     |                                   |                     |                                |
| Local  | 88,400            | -                   | -                                 | -                   | 88,400                         |
| State  | -                 | 806,443             | -                                 | -                   | 806,443                        |
| Federal  | -                 | 140,528             | -                                 | -                   | 140,528                        |
| Prepaid expenses   | 2,388             | -                   | -                                 | -                   | 2,388                          |
| <b>TOTAL ASSETS</b>  | <b>\$ 973,516</b> | <b>\$ 1,025,961</b> | <b>\$ 181,553</b>                 | <b>\$ (960,791)</b> | <b>\$ 1,220,239</b>            |
| <b>LIABILITIES</b>   |                   |                     |                                   |                     |                                |
| Accounts payable   | \$ -              | \$ 64,803           | \$ -                              | \$ -                | \$ 64,803                      |
| Note payable   | 75,000            |                     |                                   |                     | 75,000                         |
| Accrued expenses   | 34,175            | 48,796              | -                                 | -                   | 82,971                         |
| Due to other funds   | 157,673           | 803,118             | -                                 | (960,791)           | -                              |
| Unearned revenue   | -                 | 14,512              | -                                 | -                   | 14,512                         |
| <b>Total Liabilities</b>   | <b>266,848</b>    | <b>931,229</b>      | <b>-</b>                          | <b>(960,791)</b>    | <b>237,286</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                   |                     |                                   |                     |                                |
| Unavailable revenue  | -                 | 427,119             | -                                 | -                   | 427,119                        |
| <b>FUND BALANCE (DEFICIT)</b>                                    |                   |                     |                                   |                     |                                |
| Nonspendable   | 2,388             | -                   | -                                 | -                   | 2,388                          |
| Restricted   | -                 | 23,174              | 181,553                           | -                   | 204,727                        |
| Unassigned   | 704,280           | (355,561)           | -                                 | -                   | 348,719                        |
| <b>Total Fund Balance (Deficit)</b>                              | <b>706,668</b>    | <b>(332,387)</b>    | <b>181,553</b>                    | <b>-</b>            | <b>555,834</b>                 |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS, AND FUND BALANCE</b> | <b>\$ 973,516</b> | <b>\$ 1,025,961</b> | <b>\$ 181,553</b>                 | <b>\$ (960,791)</b> | <b>\$ 1,220,239</b>            |

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



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2017

|   |                    |                          |
|---|--------------------|--------------------------|
| TOTAL FUND BALANCE — GOVERNMENTAL FUNDS   |                    | \$ 555,834               |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>   |                    |                          |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>  |                    | 84,577                   |
| <p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred inflows of resources in the governmental funds.</p> <p style="padding-left: 20px;">Current year unavailable revenue</p> |                    | 427,119                  |
| <p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:</p>  |                    |                          |
| Deferred outflows of resources  | \$ 1,583,539       |                          |
| Deferred inflows of resources   | <u>(1,625,168)</u> | (41,629)                 |
| <p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>  |                    |                          |
| Liability for compensated absences  | \$ (98,091)        |                          |
| IMRF net pension liability  | (188,271)          |                          |
| TRS net pension liability   | <u>(70,163)</u>    | <u>(356,525)</u>         |
| NET POSITION OF GOVERNMENTAL ACTIVITIES   |                    | <u><u>\$ 669,376</u></u> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | General<br>Fund   | Education<br>Fund   | Nonmajor Special<br>Revenue Funds | Eliminations | Total<br>Governmental<br>Funds |
|--|-------------------|---------------------|-----------------------------------|--------------|--------------------------------|
| <b>REVENUES</b>  |                   |                     |                                   |              |                                |
| Local sources  | \$ 461,298        | \$ 36,345           | \$ 30,393                         | \$ -         | \$ 528,036                     |
| State sources  | 393,536           | 1,332,256           | 1,352                             | -            | 1,727,144                      |
| On-behalf payments - State   | 284,943           | -                   | -                                 | -            | 284,943                        |
| Federal sources  | 15,165            | 251,606             | -                                 | -            | 266,771                        |
| Investment earnings  | 901               | -                   | 495                               | -            | 1,396                          |
| Total Revenues   | <u>1,155,843</u>  | <u>1,620,207</u>    | <u>32,240</u>                     | <u>-</u>     | <u>2,808,290</u>               |
| <b>EXPENDITURES</b>  |                   |                     |                                   |              |                                |
| Instructional Services:  |                   |                     |                                   |              |                                |
| Salaries and benefits  | 660,429           | 1,221,180           | 7,048                             | -            | 1,888,657                      |
| Pension expense  | 25,481            | 62,144              | 1,059                             | -            | 88,684                         |
| Purchased services   | 198,792           | 304,069             | 6,997                             | -            | 509,858                        |
| Supplies and materials   | 36,246            | 102,265             | 712                               | -            | 139,223                        |
| Other objects  | 4,073             | 2,373               | 140                               | -            | 6,586                          |
| Payments to other governments  | -                 | 286,479             | -                                 | -            | 286,479                        |
| On-behalf payments   | 284,943           | -                   | -                                 | -            | 284,943                        |
| Capital outlay   | 30,007            | 9,087               | -                                 | -            | 39,094                         |
| Total Expenditures   | <u>1,239,971</u>  | <u>1,987,597</u>    | <u>15,956</u>                     | <u>-</u>     | <u>3,243,524</u>               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(84,128)</u>   | <u>(367,390)</u>    | <u>16,284</u>                     | <u>-</u>     | <u>(435,234)</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                   |                     |                                   |              |                                |
| Transfers in   | 28,285            | 16,612              | -                                 | (16,826)     | 28,071                         |
| Transfers out  | (16,612)          | (214)               | -                                 | 16,826       | -                              |
| Total Other Financing Sources (Uses)                                 | <u>11,673</u>     | <u>16,398</u>       | <u>-</u>                          | <u>-</u>     | <u>28,071</u>                  |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <u>(72,455)</u>   | <u>(350,992)</u>    | <u>16,284</u>                     | <u>-</u>     | <u>(407,163)</u>               |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                            | <u>779,123</u>    | <u>18,605</u>       | <u>165,269</u>                    | <u>-</u>     | <u>962,997</u>                 |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                               | <u>\$ 706,668</u> | <u>\$ (332,387)</u> | <u>\$ 181,553</u>                 | <u>\$ -</u>  | <u>\$ 555,834</u>              |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ (407,163)

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       | \$ 39,094       |        |
| Depreciation expense | <u>(20,922)</u> | 18,172 |

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.

|                                  |                |         |
|----------------------------------|----------------|---------|
| Prior year unavailable revenue   | \$ (18,130)    |         |
| Current year unavailable revenue | <u>427,119</u> | 408,989 |

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 |  | (42,634) |
|--------------------------------|--|----------|

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>391,425</u> |
|------------------------------|--|----------------|

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 368,789

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

|  | Business-Type Activities -<br>Enterprise Funds |                              |            |
|--|--|------------------------------|------------|
|  | Western Area<br>Purchasing<br>Co-op            | Nonmajor<br>Enterprise Funds | Total      |
|  | <b>ASSETS</b>                                  |                              |            |
| Current assets:                        |  |                              |            |
| Cash and cash equivalents              | \$ -   | \$ 4,741                     | \$ 4,741   |
| Due from other funds                   | 47,767   | 12,612                       | 60,379     |
| Due from other governments:            |  |                              |            |
| Local                                  | 443,908  | -                            | 443,908    |
| Inventory                              | 2,080  | -                            | 2,080      |
| Total current assets                   | 493,755  | 17,353                       | 511,108    |
| Noncurrent assets:                     |  |                              |            |
| Capital assets, being depreciated, net | 52,538   | 95                           | 52,633     |
| <b>TOTAL ASSETS</b>                    | 546,293  | 17,448                       | 563,741    |
| <b>LIABILITIES</b>                     |  |                              |            |
| Due to other governments - Local       | 2,080  | -                            | 2,080      |
| Accounts payable                       | 443,908  | -                            | 443,908    |
| <b>TOTAL LIABILITIES</b>               | 445,988  | -                            | 445,988    |
| <b>NET POSITION (DEFICIT)</b>          |  |                              |            |
| Invested in capital assets             | 52,538   | 95                           | 52,633     |
| Unrestricted                           | 47,767   | 17,353                       | 65,120     |
| <b>TOTAL NET POSITION (DEFICIT)</b>    | \$ 100,305                                     | \$ 17,448                    | \$ 117,753 |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

|  | Business-Type Activities -<br>Enterprise Funds |                                 |                             |
|--|--|---------------------------------|-----------------------------|
|  | Western Area<br>Purchasing<br>Co-op            | Nonmajor<br>Enterprise<br>Funds | Total                       |
|  | <u>                    </u>                    | <u>                    </u>     | <u>                    </u> |
| OPERATING REVENUES                       |  |                                 |                             |
| Fees for services                        | \$ 953,477                                     | \$ 51,227                       | \$ 1,004,704                |
| Total Operating Revenues                 | <u>953,477</u>                                 | <u>51,227</u>                   | <u>1,004,704</u>            |
| OPERATING EXPENSES                       |  |                                 |                             |
| Salaries and benefits                    | 32,353   | -                               | 32,353                      |
| Pension expense                          | 2,629  | -                               | 2,629                       |
| Purchased services                       | 15,096   | 44,051                          | 59,147                      |
| Supplies and materials                   | 640,816  | -                               | 640,816                     |
| Depreciation                             | 2,737  | 279                             | 3,016                       |
| Total Operating Expenses                 | <u>693,631</u>                                 | <u>44,330</u>                   | <u>737,961</u>              |
| OPERATING INCOME (LOSS)                  | 259,846  | 6,897                           | 266,743                     |
| NONOPERATING EXPENSE                     |  |                                 |                             |
| Transfer out                             | -  | (28,071)                        | (28,071)                    |
| Total Nonoperating Expense               | <u>-</u>                                       | <u>(28,071)</u>                 | <u>(28,071)</u>             |
| CHANGE IN NET POSITION                   | 259,846  | (21,174)                        | 238,672                     |
| TOTAL NET POSITION (DEFICIT) - BEGINNING | <u>(159,541)</u>                               | <u>38,622</u>                   | <u>(120,919)</u>            |
| TOTAL NET POSITION (DEFICIT) - ENDING    | <u>\$ 100,305</u>                              | <u>\$ 17,448</u>                | <u>\$ 117,753</u>           |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | Business-Type Activities -<br>Enterprise Funds |                                 | Totals           |
|--|--|---------------------------------|------------------|
|  | Western Area<br>Purchasing<br>Co-op            | Nonmajor<br>Enterprise<br>Funds |                  |
| Cash Flows from Operating Activities:  |  |                                 |                  |
| Receipts from customers  | \$ 667,721                                     | \$ 51,227                       | \$ 718,948       |
| Payments to suppliers and providers of goods<br>and services   | (613,298)                                      | (44,051)                        | (657,349)        |
| Payments to employees  | (34,982)                                       | -                               | (34,982)         |
| Net Cash Provided by (Used for) Operating Activities   | <u>19,441</u>                                  | <u>7,176</u>                    | <u>26,617</u>    |
| Cash Flows from Noncapital Financing Activities:   |  |                                 |                  |
| Payments for interfund borrowing, net  | (47,767)                                       | (12,612)                        | (60,379)         |
| Cash transfers from other funds  | -  | (28,071)                        | (28,071)         |
| Net Cash Provided by (Used for)<br>Noncapital Financing Activities   | <u>(47,767)</u>                                | <u>(40,683)</u>                 | <u>(88,450)</u>  |
| Net Decrease in Cash and Cash Equivalents  | (28,326)                                       | (33,507)                        | (61,833)         |
| Cash and cash equivalents - Beginning  | <u>28,326</u>                                  | <u>38,248</u>                   | <u>66,574</u>    |
| Cash and cash equivalents - Ending   | <u>\$ -</u>                                    | <u>\$ 4,741</u>                 | <u>\$ 4,741</u>  |
| Reconciliation of Operating Income (Loss) to Net Cash<br>Provided by (Used for) Operating Activities:        |  |                                 |                  |
| Operating Income (Loss)  | \$ 259,846                                     | \$ 6,897                        | \$ 266,743       |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash<br>Provided by (Used for) Operating Activities: |  |                                 |                  |
| Depreciation   | 2,737  | 279                             | 3,016            |
| (Increase)/decrease in assets:   |  |                                 |                  |
| Increase in due from other governments   | (285,756)                                      | -                               | (285,756)        |
| Decrease in inventory  | 129,690  | -                               | 129,690          |
| Increase/(decrease) in liabilities:  |  |                                 |                  |
| Increase in accounts payable   | 42,614   | -                               | 42,614           |
| Decrease in due to other governments   | (129,690)                                      | -                               | (129,690)        |
| Net Cash Provided by (Used for) Operating Activities   | <u>\$ 19,441</u>                               | <u>\$ 7,176</u>                 | <u>\$ 26,617</u> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

|                            | Agency<br>Funds     |
|----------------------------|---------------------|
| <b>ASSETS</b>              |                     |
| Cash and cash equivalents  | \$ 18,665           |
| Due from other governments | 1,351,040           |
| <b>TOTAL ASSETS</b>        | <b>\$ 1,369,705</b> |
| <br><b>LIABILITIES</b>     |                     |
| Due to other governments   | \$ 1,369,705        |
| <b>TOTAL LIABILITIES</b>   | <b>\$ 1,369,705</b> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #26 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2017, the Regional Office of Education #26 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 #26 implemented these standards during the current year. The implementation of GASB Statement No. 74 establishes standards for the financial reports of defined benefit OPEB plans administered through trusts that meet specified criteria. The implementation of GASB Statement No. 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The implementation of GASB Statement No. 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local government employers through cost-sharing multiple-employer defined pension plan and establishes requirements for recognition and measurement of pension expense, expenditures, liabilities, note disclosures, and required supplementary information for pensions. The implementation of GASB Statement No. 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The implementation of GASB Statement No. 82 clarifies the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee or plan member contribution requirements.

A. DATE OF MANAGEMENT'S REVIEW

The Regional Office of Education #26 has evaluated subsequent events through March 27, 2018, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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 #26's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

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

For the period ended June 30, 2017, the Regional Office of Education #26 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 #26. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #26 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #26 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #26, 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 #26 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 blended component unit described below is included in the Regional Office of Education #26's reporting entity because of the significance of its operational or financial relationship with the Regional Office of Education #26.

Western Area Purchasing Co-op is a joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the co-op, which accumulates the orders and purchases large quantities for distribution to the districts. The purchasing co-op is a discretionary enterprise fund.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifestation of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #26 does not control their assets, operations, or management. In addition, the Regional Office of Education #26 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #26 being considered a component unit of any other entity.

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 #26's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #26 has three business-type activities that rely on fees and charges for support.

The Regional Office of Education #26's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #26 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #26's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

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

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #26; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #26 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 #26's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #26 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 #26 uses governmental, proprietary, and fiduciary funds.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #26 has presented all major funds that met the above qualifications. The Regional Office of Education #26 reports the following major governmental funds:

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

County – Used to account for funds provided by the Boards of Fulton, Hancock, McDonough, and Schuyler counties for general office operation and maintenance.

Regional Programs – Accounts for the cost of operating certain programs not paid for through special revenues or County funds.

Interest – Used to account for interest earned on the Distributive Fund for the mutual benefit of each school district in the Regional Office’s educational service region.

Alternative Schools – Used to account for State revenues and expenditures paid to provide an alternative education program to students in the Regional Office’s educational service region.

Apex – Used to account for local fees associated with the Regional Office’s Apex project, which provides Alternative Schools students with access to online curricula.

Online Clearing – Accounts for revenue from online payments for the Institute, GED, Bus Driver, and other special revenue funds using the new State online payment system.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

Child and Family Connections (Special Education—Grants for Infants and Families) – Used to account for a contractual agreement with the Illinois Department of Human Services to provide a caseworker for the purpose of monitoring teen parents receiving Aid to Dependent Children.

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

Family Violence – Used to account for State and federal grant proceeds to support the activities of the local Family Violence Coordinating Council. The purpose of the Family Violence Coordinating Councils, at both the State and local/circuit level, is to establish a forum to improve the institutional, professional, and community response to family violence including child abuse, domestic abuse, and elder abuse; to engage in education and prevention; the coordination of intervention and services for victims and perpetrators; and to contribute to the improvement of the legal system and the administration of justice.

Hearing/Vision Screening – Used to account for a hearing screenings program funded through the Illinois Department of Public Aid.

Local Donations – Used to account for donations given to assist the McKinney Education for Homeless Children Grant and the Child and Family Connections Grant.

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

New Principal Mentoring – A program that provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principal's participation in the mentoring program designed for them.

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

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

ROE Technology Maintenance – Used to account for revenues and expenditures of the ISBE Technology Maintenance grant program.

School and Community Assistance Team – A program that trains individuals for crisis management.

Teen Court Donations – Used to account for donations received for the completion of a handicapped-accessible deck located in the Teen Court Community Garden.

Teen Court Fines – Used to account for donations from fines in McDonough County to support a program in which teens participate in community service held in the Teen Court Community Garden.

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #26 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

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

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

Truants Alternative Optional Education – Used to account for State grant revenues and expenditures to provide tutoring services and to encourage students to stay in school.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

Truants Alternative Optional Education Program Training – Used to account for State grant proceeds expended to train individuals in Truants Alternative Education.

United Way – Used to account for funding from local United Way for child birth classes and materials.

WC4 (ROE/ISC Operations) – Used to develop and implement a regional improvement plan.

The Regional Office of Education #26 reports the following nonmajor special revenue funds:

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

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

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

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #26 reports the following major proprietary fund:

Western Area Purchasing Co-op – A joint agreement used to reduce costs to school districts by purchasing various supplies in larger quantities. School districts in west central Illinois place orders with the Co-op, which accumulates the orders and purchases large quantities for distribution to the districts. As noted previously, the Purchasing Co-op is a discretionary enterprise fund.

The Regional Office of Education #26 reports the following nonmajor proprietary funds:

Workshop Fund – Accounts for all activity for workshops managed by the Regional Office.

Fingerprinting Fund – Accounts for the activity for fingerprinting services.



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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #26 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Administrators Roundtable – This fund accounts for the activities of a group of area educational administrators partnering with Western Illinois University’s Education Leadership Department. Monies are used to enhance district resources by providing an opportunity for administrators to receive and discuss information related to significant issues in the State and Region.

Area III Superintendents – Accounts for collective activities of all the Area III regional superintendents. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Hancock County Principals – Accounts for collective activities of all the Hancock County school principals. Fees are used to provide meetings and seminars for disseminating current information on administration issues.

Regional Board of School Trustees – Accounts for the marketing and disposal of school properties belonging to local education agencies and for expenses related to detachment petitions.

School Occupation Facility Tax – This fund accounts for the assets held by the Regional Office of Education #26 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.

Western Area Career System (WACS) – This system is housed within the Regional Office of Education #26’s office and shares the same phone system, copier, etc. The Regional Office of Education records the WACS’ phone and copier usage and appropriately charges WACS monthly for the usage.

Distributive Fund – The resources in this fund are received by and passed through the Regional Office from the State to their owners. Entities whose resources are received by and passed through the Distributive Fund include the Western Area Career System, West Central Illinois Special Ed, and the Regional Office of Education #26.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The following General Fund has a nonspendable fund balance: Regional Programs.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education Fund accounts’ fund balances are restricted by donor restrictions, grant agreements, or contracts: Hearing/ Vision Screening, Local Donations, New Principal Mentoring, ROE Technology Maintenance, Teen Court Donations, and United Way. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds.

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 #26 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #26 has no assigned fund balances.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #26 has unassigned fund balances in the following General Fund accounts: County, Regional Programs, Interest, Alternative Schools, Apex, and Online Clearing. The following Education Funds have unassigned fund deficits Early Childhood Grant (3705-00), Early Childhood Black Grant (3705-01), Family Violence, Regional Safe Schools, Truants Alternative Optional Education, and Truants Alternative Optional Education Program Training.

J. NET POSITION

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

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

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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

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education #26 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

Inventories are carried at the lower of cost or market, cost being determined on the first-in, first-out (FIFO) method.

M. CAPITAL ASSETS

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

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

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

N. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed less than 5 years, 15 days for full-time staff employed between 5 and 14 years, and 20 days for full-time staff employed 15 years or more. An employee may accumulate up to the number of vacation days earned in two years before accrual ceases. On termination, any accumulated vacation is treated as unused sick leave when calculating length of service for pension purposes, if applicable, but is not paid. Any accruals as of June 30<sup>th</sup> are reported as a

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. COMPENSATED ABSENCES (Concluded)

liability for compensated absences in the Statement of Net Position. At June 30, 2017, the balance of compensated absences was \$98,091, an increase of \$42,634 from the previous fiscal year.

|                      | Balance<br>July 1, 2016 | Increases | Decreases | Balance<br>June 30, 2017 |
|----------------------|-------------------------|-----------|-----------|--------------------------|
| Compensated absences | \$ 55,457               | \$ 42,634 | \$ -      | \$ 98,091                |

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

Eligible employees receive up to 12 sick days annually. A maximum of 240 days of sick leave may be accumulated by permanent full-time employees, but no payment is made for unused sick leave when a person leaves his or her position. Therefore, no liability for unused sick leave is accrued.

O. 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.

P. BUDGET INFORMATION

The Regional Office of Education #26 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Child and Family Connections, Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), McKinney Education for Homeless Children (16-4920), McKinney Education for Homeless Children (17-4920), Regional Safe Schools, Regional Safe Schools Cooperative, Title II – Teacher Leadership, Title II – Teacher Quality, Truants Alternative Optional Education, Truants Alternative Optional Education Program Training (16-3695-PD), Truants Alternative Optional Education Program Training (17-3695-PD), and WC4 (ROE/ISC Operations).

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JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. 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 consist of grant receivables not collected within sixty days after year end.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #26 to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

A. DEPOSITS

At June 30, 2017, the carrying amount of the Regional Office of Education #26’s government-wide and agency fund deposits were \$247,600 and \$18,665, respectively, and the bank balances were \$417,626 and \$82,303, respectively. Of the total bank balances as of June 30, 2017, \$250,000 was secured by federal depository insurance, \$150,723 was collateralized by securities pledged by the Regional Office of Education #26’s financial institution on behalf of the Regional Office, and \$99,206 was invested in the Illinois Funds Money Market Fund.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #26 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #26's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2017, the Regional Office of Education #26 had investments with carrying value of \$99,206 in the Illinois Funds Money Market Fund.

CREDIT RISK

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

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

NOTE 3 – SHORT-TERM DEBT

The Regional Office of Education #26 obtained a short-term loan from a local bank to cover cash shortages created when program expenditures occurred before grant payments were received from the State. The note was secured by grant funds from the General Funds. The note issued on June 22, 2017 had an interest rate of 4.5% and an original maturity date of November 2, 2017.

The short-term debt activity for the year ended June 30, 2017, was as follows:

|              | Balance at<br>July 1, 2016 | Additions | Reductions | Balance at<br>June 30, 2017 |
|--------------|----------------------------|-----------|------------|-----------------------------|
| Note payable | \$ -                       | \$75,000  | \$ -       | \$75,000                    |

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NOTE 4 – DEFINED BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #26'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 #26's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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

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

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

**Employees Covered by Benefit Terms**

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

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

|  | <b>IMRF</b> |
|--|-------------|
| Retirees and Beneficiaries currently receiving benefits          | 30          |
| Inactive Plan Members entitled to but not yet receiving benefits | 28          |
| Active Plan Members  | 17          |
| <b>Total</b>   | <b>75</b>   |

**Contributions**

As set by statute, the Regional Office of Education #26’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 #26’s annual contribution rate for calendar year 2016 was 12.72%. For the calendar year ended 2016, the Regional Office of Education #26 contributed \$97,547 to the plan. The Regional Office of Education #26 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 #26’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

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



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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

- 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, 2015:

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

**Single Discount Rate**

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

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

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

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

|  | <b>Total<br/>Pension<br/>Liability<br/>(A)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(B)</b> | <b>Net Pension<br/>Liability<br/>(Asset)<br/>(A) - (B)</b> |
|--|--|--|--|
| <b>Balances at December 31, 2015</b>   | \$ 3,435,769                                   | \$ 3,196,312                                   | \$ 239,457   |
| <b>Changes for the year:</b>   |  |  |  |
| Service Cost   | 80,033   | -  | 80,033   |
| Interest on the Total Pension Liability  | 257,216  | -  | 257,216  |
| Changes of Benefit Terms   | -  | -  | -  |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | (302,162)                                      | -  | (302,162)  |
| Changes of Assumptions   | -  | -  | -  |
| Contributions - Employer   | -  | 97,547   | (97,547)   |
| Contributions - Employees  | -  | 39,097   | (39,097)   |
| Net Investment Income  | -  | (52,879)                                       | 52,879   |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | (96,141)                                       | (96,141)                                       | -  |
| Other (Net Transfer)   | -  | 2,508  | (2,508)  |
| Net Changes  | <u>(61,054)</u>                                | <u>(9,868)</u>                                 | <u>(51,186)</u>  |
| <b>Balances at December 31, 2016</b>   | <u>\$ 3,374,715</u>                            | <u>\$ 3,186,444</u>                            | <u>\$ 188,271</u>  |

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

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

|                              | <b>1% Lower<br/>6.50%</b> | <b>Current Discount<br/>7.50%</b> | <b>1% Higher<br/>8.50%</b> |
|------------------------------|---------------------------|-----------------------------------|----------------------------|
| <b>Net Pension Liability</b> | \$ 664,850                | \$ 188,271                        | \$ (198,155)               |

**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 #26 recognized pension income of \$227,143. At June 30, 2017, the Regional Office of Education #26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)

| <b>Deferred Amounts Related to Pensions</b>   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| <i>Deferred Amounts to be Recognized in Pension<br/>Expense in Future Periods</i>   |   |  |
| Differences between expected and actual experience                                  | \$ 1,250,139                                  | \$ 1,228,466                                 |
| Changes of assumptions  | -   | -  |
| Net difference between projected and actual<br>earnings on pension plan investments | <u>224,822</u>                                | <u>64,055</u>                                |
| Total Deferred Amounts to be recognized in<br>pension expense in future periods     | <u>1,474,961</u>                              | <u>1,292,521</u>                             |
| Pension Contributions made subsequent<br>to the Measurement Date                    | <u>34,229</u>                                 | <u>-</u>                                     |
| Total Deferred Amounts Related to Pensions  | <u><u>\$ 1,509,190</u></u>                    | <u><u>\$ 1,292,521</u></u>                   |

\$34,229 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, 2017. 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<br/>December 31</b> | <b>Net Deferred Outflows/<br/>(Inflows) of Resources</b> |
|------------------------------------|--|
| 2017                               | \$ 294,369   |
| 2018                               | (207,065)  |
| 2019                               | 42,317   |
| 2020                               | 52,819   |
| 2021                               | -  |
| Thereafter                         | <u>-</u>   |
| Total                              | <u><u>\$ 182,440</u></u>                                 |

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

The Regional Office of Education #26 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

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

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.

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 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 #26.

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

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #26. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education #26 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #26, and the Regional Office of Education #26 recognized revenue and expenditures of \$462,639 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 \$3,175, 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 #26, there is a statutory requirement for the Regional Office of Education #26 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, 2016, 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 \$10,989 were paid from federal and special trust funds that required employer contributions of \$4,235. 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 #26 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 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 #26 paid no employer ERO contributions.

The Regional Office of Education #26 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 #26 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

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

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

At June 30, 2017, the Regional Office of Education #26 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                            | \$ 70,163                  |
| State’s proportionate share of the net pension liability associated with the employer | <u>4,710,897</u>           |
| <b>Total</b>  | <b><u>\$ 4,781,060</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 #26’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 #26’s proportion was .00008888 percent, which was a decrease of .0003898891 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education #26 recognized pension expense of \$462,639 and revenue of \$462,639 for support provided by the State. For the year ended June 30, 2017 the Regional Office of Education #26 recognized pension income of \$75,597. At June 30, 2017, the Regional Office of Education #26 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 519                                    | \$ 48                                    |
| Net difference between projected and actual earnings on pension plan investments                              | 1,982                                     | -  |
| Changes of assumptions  | 6,026                                     | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 58,412                                    | 332,599                                  |
| Employer contributions subsequent to the measurement date   | 7,410                                     | -  |
| <b>Total</b>  | <b><u>\$ 74,349</u></b>                   | <b><u>\$ 332,647</u></b>                 |

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

\$7,410 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                     |
|----------------------------|---------------------|
| 2018                       | \$ (80,538)         |
| 2019                       | (80,538)            |
| 2020                       | (47,511)            |
| 2021                       | (47,100)            |
| 2022                       | (10,021)            |
|                            | <u>\$ (265,708)</u> |

**Actuarial assumptions**

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

|                                  |   |
|----------------------------------|---|
| <b>Inflation</b>                 | 2.5 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 7.5 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

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

| Asset Class                      | Target<br>Allocation | Long-Term Expected<br>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                   | 5.44                                      |
| Commodities (real return)        | 11                   | 4.28                                      |
| Hedge funds (absolute return)    | 8                    | 4.16                                      |
| Private equity                   | 14                   | 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 the same as the actuarially-assumed rate of return on investments that year because TRS’s fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

**Sensitivity of the Regional Office of Education #26’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #26’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.



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

|  | 1% Decrease<br>(5.83%) | Current<br>Discount Rate<br>(6.83%) | 1% Increase<br>(7.83%) |
|--|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share<br>of the net pension liability | \$ 85,812              | \$ 70,163                           | \$ 57,382              |

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

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

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

**On-behalf contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #26. 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 \$6,132, and the Regional Office of Education #26 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 #26’s employees were \$6,350 and \$4,488, respectively

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 6 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

**Employer contributions to the THIS Fund.** The Regional Office of Education #26 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017, and 0.80 and 0.76 percent during the years ended June 30, 2016 and 2015, respectively. For the year ended June 30, 2016, the Regional Office of Education #26 paid \$4,599 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 \$4,748 and \$3,344 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 #26 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 #26 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 – INTERFUND ACTIVITY

**DUE TO/FROM OTHER FUNDS**

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

|                               | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|-------------------------------|-----------------------------|---------------------------|
| Governmental Funds            |                             |                           |
| Education Fund                | \$ 18,865                   | \$ 803,118                |
| General Fund                  | 881,547                     | 157,673                   |
|                               | <u>900,412</u>              | <u>960,791</u>            |
| Proprietary Funds             |                             |                           |
| Western Area Purchasing Co-op | 47,767                      | -                         |
| Nonmajor Enterprise Funds     | 12,612                      | -                         |
|                               | <u>60,379</u>               | <u>-</u>                  |
| Total                         | <u>\$ 960,791</u>           | <u>\$ 960,791</u>         |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 8 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

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

| Fund                                  | Transfer In      | Transfer Out     |
|---------------------------------------|------------------|------------------|
| General Fund:                         |                  |                  |
| Regional Programs                     | \$ 28,285        | \$ -             |
| Alternative Schools                   | -                | 16,612           |
| Education Fund:                       |                  |                  |
| Early Childhood Block Grant (3705-01) | 16,612           | -                |
| School and Community Assistance Team  | -                | 214              |
| Proprietary Fund:                     |                  |                  |
| Fingerprinting Fund                   | -                | 28,071           |
|                                       | <u>\$ 44,897</u> | <u>\$ 44,897</u> |

NOTE 9 – OPERATING LEASES

The Regional Office of Education #26 leases classroom and office space from various parties. During the fiscal year 2017, the Regional Office of Education #26 leased classroom and office space located at 553 Main Street, Carthage, Illinois, from individuals for \$850 per month. The lease term began on August 1, 2014, and ended on July 31, 2015, but was renewed for the periods August 1, 2015, through July 31, 2016 and August 1, 2016, through July 31, 2017 at the same monthly rate.

The Regional Office of Education #26 also leased classrooms and office space located at 1301 North Main Street, Suite 3, Monmouth, Illinois, from Standard of Beardvale, Inc. The lease term began on April 1, 2015, and ended on March 31, 2016, but was renewed for the period July 1, 2016, through June 30, 2021, at \$20,000 per year.

The Regional Office of Education #26 leases office space located on 341 South Johnson Street, Macomb, Illinois, from Gamage Appliance for \$2,500 per month. The lease term is from July 1, 2016, to June 30, 2017.

The Regional Office of Education #26 had a lease agreement with the Macomb Public Building Commission from January 1, 2013, through December 31, 2015, for office space at 130 South Lafayette Street, Suite 200, Macomb, Illinois, for \$2,150 per month. Beginning January 1, 2016, the lease become a month-to-month lease at \$2,150 per month. A new three year lease was signed at \$2,150 per month, however, will not go into effect until FY18.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 9 – OPERATING LEASES (Concluded)

The Regional Office leased office space located at 616 East Polk, Cuba, Illinois, from the City of Cuba Community Center for \$200 per month. The lease ran from July 1, 2016, through June 30, 2017, with an option to renew yearly.

The Regional Office leased office space located at 500 Wabash, Carthage, Illinois, from the Carthage Library District for \$100 per month. This is a month-to-month lease that may be canceled with 30 days notice.

Total lease expense for the year ended June 30, 2017, was \$89,600. Future minimum lease payments are as follows for the years ending June 30:

|                     |    |            |
|---------------------|----|------------|
| 2018                | \$ | 46,650     |
| 2019                |    | 45,800     |
| 2020                |    | 45,800     |
| 2021                |    | 20,000     |
| 2022                |    | -          |
| 2023 and thereafter |    | -          |
|                     |    | \$ 158,250 |

NOTE 10 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #26 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets consist of buildings, software, and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2017:

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 10 – CAPITAL ASSET ACTIVITY (Concluded)

|   | Balance<br>June 30, 2016 | Additions         | Disposals   | Balance<br>June 30, 2017 |
|---|--------------------------|-------------------|-------------|--------------------------|
| Governmental Activities:                                      |                          |                   |             |                          |
| Software, Furniture and Equipment,<br>and Building            | \$ 212,069               | \$ 39,094         | \$ -        | \$ 251,163               |
| Governmental Activities Total Assets                          | 212,069                  | 39,094            | -           | 251,163                  |
| Less Accumulated Depreciation                                 | 145,664                  | 20,922            | -           | 166,586                  |
| Governmental Activities<br>Investment in Capital Assets, Net  | <u>\$ 66,405</u>         | <u>\$ 18,172</u>  | <u>\$ -</u> | <u>\$ 84,577</u>         |
| Business-type Activities:                                     |                          |                   |             |                          |
| Building  | \$ 76,596                | \$ -              | \$ -        | \$ 76,596                |
| Software, Furniture and Equipment                             | 14,861                   | -                 | -           | 14,861                   |
| Business-type Activities Total Assets                         | 91,457                   | -                 | -           | 91,457                   |
| Less Accumulated Depreciation                                 | 35,808                   | 3,016             | -           | 38,824                   |
| Business-type Activities<br>Investment in Capital Assets, Net | <u>\$ 55,649</u>         | <u>\$ (3,016)</u> | <u>\$ -</u> | <u>\$ 52,633</u>         |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2017, of \$20,922 and \$3,016 was charged to the governmental activities – Instructional Services and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 11 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #26:

|   |                   |
|---|-------------------|
| Regional Superintendent Salary  | \$ 107,952        |
| Assistant Regional Superintendent Salary                                      | 97,153            |
| Regional Superintendent Benefits<br>(includes State-paid insurance)           | 38,249            |
| Assistant Regional Superintendent Benefits<br>(includes State-paid insurance) | 35,457            |
| THIS Contributions  | <u>6,132</u>      |
| Total   | <u>\$ 284,943</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 11 – ON-BEHALF PAYMENTS (Concluded)

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 (ISBE). These amounts have been reported in the accompanying governmental fund financial statements as State revenue and expenditures.

Regional Office of Education #26 also recorded \$462,639 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 #26 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

|  |    |            |
|--|----|------------|
| State of Illinois on-behalf payments   | \$ | 284,943    |
| ROE #26’s share of TRS pension expense |    | 462,639    |
| Total                                  |    | \$ 747,582 |

NOTE 12 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #26’s General Fund, Education Fund, Proprietary Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

|                   |    |        |
|-------------------|----|--------|
| Local Governments | \$ | 88,400 |
|-------------------|----|--------|

Education Fund

|                                   |  |         |
|-----------------------------------|--|---------|
| Local Governments                 |  | 102     |
| Illinois State Board of Education |  | 841,616 |
| Department of Human Services      |  | 105,253 |

Proprietary Funds

|                   |  |         |
|-------------------|--|---------|
| Local Governments |  | 443,908 |
|-------------------|--|---------|

Fiduciary Funds

|                                   |  |             |
|-----------------------------------|--|-------------|
| Illinois State Board of Education |  | 1,347,036   |
| Local Governments                 |  | 4,004       |
| Total                             |  | \$2,830,319 |

Due to Other Governments:

Proprietary Funds

|                   |    |       |
|-------------------|----|-------|
| Local Governments | \$ | 2,080 |
|-------------------|----|-------|

Fiduciary Funds

|                   |  |             |
|-------------------|--|-------------|
| Local Governments |  | 1,369,705   |
| Total             |  | \$1,371,785 |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #26 participates in the Western Area School Health Benefit Plan (“Plan”) as a member of the Western Area School Association (“Association”). The Plan is a cost-sharing, multiple-employer defined-benefit postemployment health care plan that was established by certain Illinois local governmental units constituting the Association pursuant to the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., for the benefit of certain employees (and their dependents) of the members of the Association. The Plan is funded through the Western Area School Employee Benefits Trust (“Trust”) which is also controlled by the Association. The Association, Plan, and Trust together constitute a joint insurance pool under 5 ILCS 220/6. The Association is the administrator of the Plan. The MidAmerica National Bank, N.A., is the trustee of the Trust.

The Plan provides medical, dental, vision, and prescription drug benefits to employees (and their dependents) of the members of the Association. Participants may elect several different subplans with different deductibles and out-of-pocket maximums. The benefits are determined by the Association and the Plan may be amended or terminated by the Association. Some benefits are required by the Illinois Insurance Code, 215 ILCS 5/1 et seq., and the federal Public Health Code, 42 USC 300gg et seq.

Contributions to the Plan and Trust are determined by the Association board in consultation with its actuary pursuant to the terms of the Plan and Trust as allowed by the Illinois Intergovernmental Cooperation Act. Association members are required to contribute funds as assessed by the Association board in accordance with the terms of the Trust.

The following contributions were required for the ROE for the Plan year 2016-2017:

|  | <b>PREMIUMS</b>               |                     |                     |                          |
|--|-------------------------------|---------------------|---------------------|--------------------------|
|  | <u>Single</u>                 | <u>Employee + 1</u> | <u>Employee + 2</u> | <u>Employee + 3/more</u> |
| <b>Medical &amp; Rx</b>                    |                               |                     |                     |                          |
| \$1,000 Deductible Plan                    | \$ 768                        | \$ 1,708            | \$ 1,722            | \$ 1,857                 |
| \$2,000 Deductible Plan                    | 742                           | 1,515               | 1,522               | 1,632                    |
| \$3,000 HSA Plan                           | 697                           | 1,287               | 1,292               | 1,376                    |
| <b>Dental (optional)</b>                   | \$ 23                         | \$ 43               | \$ 54               | \$ 69                    |
| <b>Vision (optional)</b>                   | \$ 11                         | \$ 15               | \$ 22               | \$ 33                    |
| <b>Basic Life Insurance &amp; AD&amp;D</b> |                               |                     |                     |                          |
| \$10,000 life plus AD&D                    | \$.90 per employee per month  |                     |                     |                          |
| <b>Dependent Life Insurance</b>            |                               |                     |                     |                          |
| \$5,000                                    | \$0.78 per employee per month |                     |                     |                          |
| \$2,000                                    | \$0.78 per employee per month |                     |                     |                          |

Of these contributions, the employees or former employees must pay:

- For employee Medical & RX and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following contributions are required for the Regional Office of Education #26 for the Plan year 2015-2016:

|  | PREMIUMS                      |                     |                     |                          |
|--|-------------------------------|---------------------|---------------------|--------------------------|
|  | <u>Single</u>                 | <u>Employee + 1</u> | <u>Employee + 2</u> | <u>Employee + 3/more</u> |
| <b>Medical &amp; Rx</b>                    |                               |                     |                     |                          |
| \$1,000 Deductible Plan                    | \$ 721                        | \$ 1,609            | \$ 1,622            | \$ 1,744                 |
| \$2,000 Deductible Plan                    | 699                           | 1,428               | 1,435               | 1,537                    |
| \$3,000 HSA Plan                           | 656                           | 1,216               | 1,220               | 1,296                    |
| <b>Dental (optional)</b>                   | \$ 22                         | \$ 41               | \$ 51               | \$ 66                    |
| <b>Vision (optional)</b>                   | \$ 10                         | \$ 14               | \$ 20               | \$ 31                    |
| <b>Basic Life Insurance &amp; AD&amp;D</b> |                               |                     |                     |                          |
| \$10,000 life plus AD&D                    | \$1.30 per employee per month |                     |                     |                          |
| <b>Dependent Life Insurance</b>            |                               |                     |                     |                          |
| \$5,000                                    | \$2.98 per employee per month |                     |                     |                          |
| \$2,000                                    | \$0.78 per employee per month |                     |                     |                          |

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #26 for the Plan year 2014-2015:

|  | PREMIUMS                      |                     |                     |                          |
|--|-------------------------------|---------------------|---------------------|--------------------------|
|  | <u>Single</u>                 | <u>Employee + 1</u> | <u>Employee + 2</u> | <u>Employee + 3/more</u> |
| <b>Medical &amp; Rx</b>                    |                               |                     |                     |                          |
| \$1,000 Deductible Plan                    | \$ 678                        | \$ 1,509            | \$ 1,522            | \$ 1,639                 |
| \$2,000 Deductible Plan                    | 657                           | 1,339               | 1,345               | 1,443                    |
| \$3,000 HSA Plan                           | 617                           | 1,138               | 1,143               | 1,218                    |
| <b>Dental (optional)</b>                   | \$ 21                         | \$ 39               | \$ 49               | \$ 63                    |
| <b>Vision (optional)</b>                   | \$ 9                          | \$ 13               | \$ 18               | \$ 28                    |
| <b>Basic Life Insurance &amp; AD&amp;D</b> |                               |                     |                     |                          |
| \$10,000 life plus AD&D                    | \$1.30 per employee per month |                     |                     |                          |
| <b>Dependent Life Insurance</b>            |                               |                     |                     |                          |
| \$5,000                                    | \$2.98 per employee per month |                     |                     |                          |
| \$2,000                                    | \$0.78 per employee per month |                     |                     |                          |

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Concluded)

The publicly available financial report of the Plan and Trust may be obtained by writing to:

Western Area School Association  
 c/o David Thompson  
 David Thompson Insurance  
 120 W. Carroll Street  
 Macomb, IL 61455

In addition, the Regional Office of Education #26 allows IMRF employees who retire through the Plan the option to continue to participate in the plan as required by the Illinois Compiled Statutes, with the retiree paying the full premium cost for the coverage. This has not created an implicit subsidy as defined by Governmental Accounting Standard Board (GASB) Statement No. 45 as the Plan is considered a community-rated plan. In addition, the Regional Office of Education #26 has no explicit subsidy as defined by GASB Statement No. 45.

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>     |
|--|-------------------|
| General Fund   |                   |
| Regional Programs  | <u>\$ 197,095</u> |
| Education Fund   |                   |
| Early Childhood Grant (3705-00)                            | \$ 83,881         |
| Early Childhood Block Grant (3705-01)                      | 53,420            |
| Family Violence  | 233               |
| Regional Safe Schools                                      | 30,637            |
| Truants Alternative Optional Education                     | 49,969            |
| Truants Alternative Optional Education<br>Program Training | <u>137,421</u>    |
| Total Education Funds                                      | <u>\$ 355,561</u> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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  | \$ 80,033           | \$ 153,971          | \$ 83,338           |
| Interest on the Total Pension Liability   | 257,216             | 229,588             | 171,386             |
| Changes of Benefit Terms  | -                   | -                   | -                   |
| Differences Between Expected and Actual Experience<br>of the Total Pension Liability  | (302,162)           | 107,718             | (18,897)            |
| Changes of Assumptions  | -                   | -                   | 84,040              |
| Benefit Payments, including Refunds of Employee Contributions                         | (96,141)            | (75,704)            | (84,570)            |
| <b>Net Change in Total Pension Liability</b>  | <u>(61,054)</u>     | <u>415,573</u>      | <u>235,297</u>      |
| <b>Total Pension Liability - Beginning</b>  | <u>3,435,769</u>    | <u>3,020,196</u>    | <u>2,285,429</u>    |
| <b>Total Pension Liability - Ending (A)</b>   | <u>\$ 3,374,715</u> | <u>\$ 3,435,769</u> | <u>\$ 2,520,726</u> |
| <b>Plan Fiduciary Net Position</b>  |                     |                     |                     |
| Contributions - Employer  | \$ 97,547           | \$ 95,671           | \$ 86,972           |
| Contributions - Employees   | 39,097              | 41,338              | 33,791              |
| Net Investment Income   | (52,879)            | 334,849             | 137,716             |
| Benefit Payments, including Refunds of Employee Contributions                         | (96,141)            | (75,704)            | (84,570)            |
| Other (Net Transfer)  | 2,508               | (47,116)            | (1,818)             |
| <b>Net Change in Plan Fiduciary Net Position</b>                                      | <u>(9,868)</u>      | <u>349,038</u>      | <u>172,091</u>      |
| <b>Plan Fiduciary Net Position - Beginning</b>  | <u>3,196,312</u>    | <u>2,847,274</u>    | <u>2,207,902</u>    |
| <b>Plan Fiduciary Net Position - Ending (B)</b>                                       | <u>\$ 3,186,444</u> | <u>\$ 3,196,312</u> | <u>\$ 2,379,993</u> |
| <b>Net Pension Liability - Ending (A) - (B)</b>                                       | <u>\$ 188,271</u>   | <u>\$ 239,457</u>   | <u>\$ 140,733</u>   |
| <b>Plan Fiduciary Net Position as a Percentage<br/>of the Total Pension Liability</b> | 94.42%              | 93.03%              | 94.42%              |
| <b>Covered Payroll</b>  | \$ 766,881          | \$ 760,063          | \$ 662,005          |
| <b>Net Pension Liability as a Percentage<br/>of Covered Payroll</b>                   | 24.55%              | 31.50%              | 21.26%              |

**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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 LAST THREE CALENDAR YEARS  
 (UNAUDITED)

| Calendar<br>Year<br>Ended<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actual Contribution<br>as a Percentage<br>of Covered Payroll |
|---|---|------------------------|--|--------------------|--|
| 2016                                      | \$ 97,547                                 | \$ 97,547              | \$ -                                   | \$ 766,881         | 12.72%   |
| 2015                                      | 95,670                                    | 95,671                 | (1)                                    | 760,063            | 12.59%   |
| 2014                                      | 82,874                                    | 86,972                 | (4,098)                                | 662,005            | 13.14%   |

**Notes to Schedule:**

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

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

**Valuation Date:**

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

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

|                                       |   |
|---------------------------------------|---|
| <i>Actuarial Cost Method:</i>         | Aggregate entry age = normal  |
| <i>Amortization Method:</i>           | Level percentage of payroll, closed   |
| <i>Remaining Amortization Period:</i> | 27-year closed period   |
| <i>Asset Valuation Method:</i>        | 5-year smoothed market; 20% corridor  |
| <i>Wage Growth:</i>                   | 3.5%  |
| <i>Price Inflation:</i>               | 2.75%, approximate; no explicit price inflation assumption is used in this valuation.   |
| <i>Salary Increases:</i>              | 3.75% to 14.5%, 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.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
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   | 0.0088880000%       | 0.0004787691%       | 0.0004288104%       |
| Employer's proportionate share of the net pension liability  | \$ 70,163           | \$ 313,642          | \$ 260,967          |
| State's proportionate share of the net pension liability associated with the employer              | 4,710,897           | 3,762,668           | 2,627,105           |
| <b>Total</b>   | <b>\$ 4,781,060</b> | <b>\$ 4,076,310</b> | <b>\$ 2,888,072</b> |
| Employer's covered payroll   | \$ 593,491          | \$ 440,045          | \$ 431,540          |
| Additional employer's covered payroll due to consolidation   | -                   | 127,241             | -                   |
| Total Employer's covered payroll   | 593,491             | 567,286             | 431,540             |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 11.8%               | 55.3%               | 60.5%               |
| 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 †

|  | FY17       | FY16       | FY15       | FY14       |
|--|------------|------------|------------|------------|
| Statutorily-required contribution                                  | \$ 7,410   | \$ 3,443   | \$ 16,037  | \$ 15,300  |
| Contributions in relation to the statutorily-required contribution | 7,410      | 3,443      | 16,083     | 15,589     |
| Contribution deficiency (excess)                                   | \$ -       | \$ -       | \$ (46)    | \$ (289)   |
| Employer's covered payroll   | \$ 547,484 | \$ 593,491 | \$ 440,045 | \$ 431,540 |
| Contributions as a percentage of covered payroll                   | 1.35%      | 0.58%      | 3.65%      | 3.61%      |

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

**Notes to This Required Supplementary Information**

*Changes of assumptions*

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

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

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

OTHER SUPPLEMENTAL INFORMATION

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2017

|   | County           | Regional<br>Programs | Interest         | Alternative<br>Schools | Apex              | Online<br>Clearing | TOTALS            |
|---|------------------|----------------------|------------------|------------------------|-------------------|--------------------|-------------------|
| <b>ASSETS</b>   |                  |                      |                  |                        |                   |                    |                   |
| Cash and cash equivalents                               | \$ -             | \$ -                 | \$ -             | \$ -                   | \$ -              | \$ 1,181           | \$ 1,181          |
| Due from other funds                                    | 37,314           | -                    | 69,601           | 678,236                | 96,396            | -                  | 881,547           |
| Due from other governments                              |                  |                      |                  |                        |                   |                    |                   |
| Local   | -                | -                    | -                | 32,035                 | 56,365            | -                  | 88,400            |
| Prepaid expenses  | -                | 2,388                | -                | -                      | -                 | -                  | 2,388             |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 37,314</b> | <b>\$ 2,388</b>      | <b>\$ 69,601</b> | <b>\$ 710,271</b>      | <b>\$ 152,761</b> | <b>\$ 1,181</b>    | <b>\$ 973,516</b> |
| <b>LIABILITIES</b>                                      |                  |                      |                  |                        |                   |                    |                   |
| Note payable  | \$ -             | \$ 75,000            | \$ -             | \$ -                   | \$ -              | \$ -               | \$ 75,000         |
| Accrued expenses  | -                | -                    | -                | 34,175                 | -                 | -                  | 34,175            |
| Due to other funds                                      | -                | 124,483              | -                | 33,190                 | -                 | -                  | 157,673           |
| <b>Total Liabilities</b>                                | <b>-</b>         | <b>199,483</b>       | <b>-</b>         | <b>67,365</b>          | <b>-</b>          | <b>-</b>           | <b>266,848</b>    |
| <b>FUND BALANCE (DEFICIT)</b>                           |                  |                      |                  |                        |                   |                    |                   |
| Nonspendable  | -                | 2,388                | -                | -                      | -                 | -                  | 2,388             |
| Unassigned  | 37,314           | (199,483)            | 69,601           | 642,906                | 152,761           | 1,181              | 704,280           |
| <b>Total Fund Balance (Deficit)</b>                     | <b>37,314</b>    | <b>(197,095)</b>     | <b>69,601</b>    | <b>642,906</b>         | <b>152,761</b>    | <b>1,181</b>       | <b>706,668</b>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b> | <b>\$ 37,314</b> | <b>\$ 2,388</b>      | <b>\$ 69,601</b> | <b>\$ 710,271</b>      | <b>\$ 152,761</b> | <b>\$ 1,181</b>    | <b>\$ 973,516</b> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | County           | Regional<br>Programs | Interest         | Alternative<br>Schools | Apex              | Online<br>Clearing | TOTALS            |
|--|------------------|----------------------|------------------|------------------------|-------------------|--------------------|-------------------|
| <b>REVENUES</b>  |                  |                      |                  |                        |                   |                    |                   |
| Local sources  | \$ 218,398       | \$ 8,957             | \$ -             | \$ 199,003             | \$ 34,940         | \$ -               | \$ 461,298        |
| State sources  | -                | -                    | -                | 393,536                | -                 | -                  | 393,536           |
| On-behalf payments - State   | -                | 284,943              | -                | -                      | -                 | -                  | 284,943           |
| Federal sources  | -                | -                    | -                | 15,165                 | -                 | -                  | 15,165            |
| Investment earnings  | -                | -                    | 901              | -                      | -                 | -                  | 901               |
| <b>Total Revenues</b>  | <b>218,398</b>   | <b>293,900</b>       | <b>901</b>       | <b>607,704</b>         | <b>34,940</b>     | <b>-</b>           | <b>1,155,843</b>  |
| <b>EXPENDITURES</b>  |                  |                      |                  |                        |                   |                    |                   |
| Salaries and benefits  | 180,132          | 51,799               | -                | 415,690                | 12,808            | -                  | 660,429           |
| Pension expense  | 13,372           | 5,010                | -                | 7,035                  | 64                | -                  | 25,481            |
| Purchased services   | 38,979           | 11,694               | -                | 126,569                | 20,943            | 607                | 198,792           |
| Supplies and materials   | 2,844            | 5,673                | -                | 27,655                 | 74                | -                  | 36,246            |
| Other objects  | -                | 3,735                | -                | 298                    | 40                | -                  | 4,073             |
| Capital outlay   | 11,449           | -                    | -                | 18,558                 | -                 | -                  | 30,007            |
| On-behalf payments   | -                | 284,943              | -                | -                      | -                 | -                  | 284,943           |
| <b>Total Expenditures</b>  | <b>246,776</b>   | <b>362,854</b>       | <b>-</b>         | <b>595,805</b>         | <b>33,929</b>     | <b>607</b>         | <b>1,239,971</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(28,378)</b>  | <b>(68,954)</b>      | <b>901</b>       | <b>11,899</b>          | <b>1,011</b>      | <b>(607)</b>       | <b>(84,128)</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |                      |                  |                        |                   |                    |                   |
| Transfers in   | -                | 28,285               | -                | -                      | -                 | -                  | 28,285            |
| Transfers out  | -                | -                    | -                | (16,612)               | -                 | -                  | (16,612)          |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>         | <b>28,285</b>        | <b>-</b>         | <b>(16,612)</b>        | <b>-</b>          | <b>-</b>           | <b>11,673</b>     |
| <b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>                          | <b>(28,378)</b>  | <b>(40,669)</b>      | <b>901</b>       | <b>(4,713)</b>         | <b>1,011</b>      | <b>(607)</b>       | <b>(72,455)</b>   |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                            | <b>65,692</b>    | <b>(156,426)</b>     | <b>68,700</b>    | <b>647,619</b>         | <b>151,750</b>    | <b>1,788</b>       | <b>779,123</b>    |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                               | <b>\$ 37,314</b> | <b>\$ (197,095)</b>  | <b>\$ 69,601</b> | <b>\$ 642,906</b>      | <b>\$ 152,761</b> | <b>\$ 1,181</b>    | <b>\$ 706,668</b> |



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

|  | Child and Family<br>Connections | Early Childhood<br>Grant<br>(3705-00) | Early Childhood<br>Block Grant<br>(3705-01) | Family Violence | Hearing/ Vision<br>Screening | Local Donations |
|--|---------------------------------|---------------------------------------|---|-----------------|------------------------------|-----------------|
| <b>ASSETS</b>  |                                 |                                       |   |                 |                              |                 |
| Cash and cash equivalents  | \$ -                            | \$ -                                  | \$ -  | \$ -            | \$ 7,564                     | \$ 8,744        |
| Due from other funds   | -                               | 2,253                                 | 16,612                                      | -               | -                            | -               |
| Due from other governments:  |                                 |                                       |   |                 |                              |                 |
| Local  | -                               | -                                     | -   | -               | -                            | -               |
| State  | 105,253                         | 179,635                               | 133,551                                     | -               | -                            | -               |
| Federal  | -                               | -                                     | -   | -               | -                            | -               |
| <b>TOTAL ASSETS</b>  | <b>\$ 105,253</b>               | <b>\$ 181,888</b>                     | <b>\$ 150,163</b>                           | <b>\$ -</b>     | <b>\$ 7,564</b>              | <b>\$ 8,744</b> |
| <b>LIABILITIES</b>   |                                 |                                       |   |                 |                              |                 |
| Accounts payable   | \$ -                            | \$ -                                  | \$ -  | \$ -            | \$ -                         | \$ -            |
| Accrued expenses   | -                               | 27,874                                | -   | -               | -                            | -               |
| Due to other funds   | 105,253                         | 153,750                               | 150,163                                     | 233             | -                            | -               |
| Unearned revenue   | -                               | -                                     | -   | -               | -                            | -               |
| <b>Total Liabilities</b>   | <b>105,253</b>                  | <b>181,624</b>                        | <b>150,163</b>                              | <b>233</b>      | <b>-</b>                     | <b>-</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                                 |                                       |   |                 |                              |                 |
| Unavailable revenue  | -                               | 84,145                                | 53,420                                      | -               | -                            | -               |
| <b>FUND BALANCE (DEFICIT)</b>  |                                 |                                       |   |                 |                              |                 |
| Restricted   | -                               | -                                     | -   | -               | 7,564                        | 8,744           |
| Unassigned   | -                               | (83,881)                              | (53,420)                                    | (233)           | -                            | -               |
| <b>Total Fund Balance</b>  | <b>-</b>                        | <b>(83,881)</b>                       | <b>(53,420)</b>                             | <b>(233)</b>    | <b>7,564</b>                 | <b>8,744</b>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS, AND FUND BALANCE (DEFICIT)</b> | <b>\$ 105,253</b>               | <b>\$ 181,888</b>                     | <b>\$ 150,163</b>                           | <b>\$ -</b>     | <b>\$ 7,564</b>              | <b>\$ 8,744</b> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

|  | McKinney<br>Education for<br>Homeless Children | New Principal<br>Mentoring | Regional Safe<br>Schools | Regional Safe<br>Schools<br>Cooperative | ROE<br>Technology<br>Maintenance | School and<br>Community<br>Assistance Team |
|--|--|----------------------------|--------------------------|---|----------------------------------|--|
| <b>ASSETS</b>  |  |                            |                          |   |                                  |  |
| Cash and cash equivalents  | \$ -   | \$ 1,896                   | \$ -                     | \$ -                                    | \$ 1,048                         | \$ -                                       |
| Due from other funds   | -  | -                          | -                        | -                                       | -                                | -  |
| Due from other governments:  |  |                            |                          |   |                                  |  |
| Local  | -  | -                          | -                        | -                                       | -                                | -  |
| State  | -  | -                          | 48,637                   | 35,962                                  | -                                | -  |
| Federal  | 138,727  | -                          | -                        | -                                       | -                                | -  |
| <b>TOTAL ASSETS</b>  | <b>\$ 138,727</b>                              | <b>\$ 1,896</b>            | <b>\$ 48,637</b>         | <b>\$ 35,962</b>                        | <b>\$ 1,048</b>                  | <b>\$ -</b>                                |
| <b>LIABILITIES</b>   |  |                            |                          |   |                                  |  |
| Accounts payable   | \$ 42,364                                      | \$ -                       | \$ -                     | \$ -                                    | \$ -                             | \$ -                                       |
| Accrued expenses   | -  | -                          | -                        | -                                       | -                                | -  |
| Due to other funds   | 90,311   | -                          | 48,637                   | 35,962                                  | -                                | -  |
| Unearned revenue   | -  | -                          | -                        | -                                       | -                                | -  |
| <b>Total Liabilities</b>   | <b>132,675</b>                                 | <b>-</b>                   | <b>48,637</b>            | <b>35,962</b>                           | <b>-</b>                         | <b>-</b>                                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |  |                            |                          |   |                                  |  |
| Unavailable revenue  | 6,052  | -                          | 30,637                   | -                                       | -                                | -  |
| <b>FUND BALANCE (DEFICIT)</b>  |  |                            |                          |   |                                  |  |
| Restricted   | -  | 1,896                      | -                        | -                                       | 1,048                            | -  |
| Unassigned   | -  | -                          | (30,637)                 | -                                       | -                                | -  |
| <b>Total Fund Balance</b>  | <b>-</b>                                       | <b>1,896</b>               | <b>(30,637)</b>          | <b>-</b>                                | <b>1,048</b>                     | <b>-</b>                                   |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS, AND FUND BALANCE (DEFICIT)</b> | <b>\$ 138,727</b>                              | <b>\$ 1,896</b>            | <b>\$ 48,637</b>         | <b>\$ 35,962</b>                        | <b>\$ 1,048</b>                  | <b>\$ -</b>                                |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

|  | Teen Court<br>Donations | Teen Court<br>Fines | Title I -<br>Foundational<br>Services | Title II - Teacher<br>Leadership | Title II - Teacher<br>Quality | Truants Alternative<br>Optional Education |
|--|-------------------------|---------------------|---------------------------------------|----------------------------------|-------------------------------|---|
| <b>ASSETS</b>  |                         |                     |                                       |                                  |                               |   |
| Cash and cash equivalents  | \$ 366                  | \$ 14,512           | \$ -                                  | \$ -                             | \$ -                          | \$ -                                      |
| Due from other funds   | -                       | -                   | -                                     | -                                | -                             | -   |
| Due from other governments:  |                         |                     |                                       |                                  |                               |   |
| Local  | -                       | -                   | -                                     | -                                | -                             | -   |
| State  | -                       | -                   | -                                     | -                                | -                             | 100,555                                   |
| Federal  | -                       | -                   | 102                                   | 1,599                            | 100                           | -   |
| <b>TOTAL ASSETS</b>  | <b>\$ 366</b>           | <b>\$ 14,512</b>    | <b>\$ 102</b>                         | <b>\$ 1,599</b>                  | <b>\$ 100</b>                 | <b>\$ 100,555</b>                         |
| <b>LIABILITIES</b>   |                         |                     |                                       |                                  |                               |   |
| Accounts payable   | \$ -                    | \$ -                | \$ -                                  | \$ -                             | \$ -                          | \$ -                                      |
| Accrued expenses   | -                       | -                   | -                                     | -                                | -                             | 8,046                                     |
| Due to other funds   | -                       | -                   | 102                                   | 1,599                            | 54                            | 92,509                                    |
| Unearned revenue   | -                       | 14,512              | -                                     | -                                | -                             | -   |
| <b>Total Liabilities</b>   | <b>-</b>                | <b>14,512</b>       | <b>102</b>                            | <b>1,599</b>                     | <b>54</b>                     | <b>100,555</b>                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                         |                     |                                       |                                  |                               |   |
| Unavailable revenue  | -                       | -                   | -                                     | -                                | 46                            | 49,969                                    |
| <b>FUND BALANCE (DEFICIT)</b>  |                         |                     |                                       |                                  |                               |   |
| Restricted   | 366                     | -                   | -                                     | -                                | -                             | -   |
| Unassigned   | -                       | -                   | -                                     | -                                | -                             | (49,969)                                  |
| <b>Total Fund Balance</b>  | <b>366</b>              | <b>-</b>            | <b>-</b>                              | <b>-</b>                         | <b>-</b>                      | <b>(49,969)</b>                           |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS, AND FUND BALANCE (DEFICIT)</b> | <b>\$ 366</b>           | <b>\$ 14,512</b>    | <b>\$ 102</b>                         | <b>\$ 1,599</b>                  | <b>\$ 100</b>                 | <b>\$ 100,555</b>                         |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2017

|  | Truants Alternative<br>Optional Education<br>Program Training | United Way      | WC4 (ROE/ISC<br>Operations) | TOTALS              |
|--|---|-----------------|-----------------------------|---------------------|
| <b>ASSETS</b>  |   |                 |                             |                     |
| Cash and cash equivalents  | \$ -  | \$ 3,556        | \$ 22,439                   | \$ 60,125           |
| Due from other funds   | -   | -               | -                           | 18,865              |
| Due from other governments:  |   |                 |                             |                     |
| Local  | -   | -               | -                           | -                   |
| State  | 202,850   | -               | -                           | 806,443             |
| Federal  | -   | -               | -                           | 140,528             |
| <b>TOTAL ASSETS</b>  | <u>\$ 202,850</u>   | <u>\$ 3,556</u> | <u>\$ 22,439</u>            | <u>\$ 1,025,961</u> |
| <b>LIABILITIES</b>   |   |                 |                             |                     |
| Accounts payable   | \$ -  | \$ -            | \$ 22,439                   | \$ 64,803           |
| Accrued expenses   | 12,876  | -               | -                           | 48,796              |
| Due to other funds   | 124,545   | -               | -                           | 803,118             |
| Unearned revenue   | -   | -               | -                           | 14,512              |
| <b>Total Liabilities</b>   | <u>137,421</u>  | <u>-</u>        | <u>22,439</u>               | <u>931,229</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |   |                 |                             |                     |
| Unavailable revenue  | 202,850   | -               | -                           | 427,119             |
| <b>FUND BALANCE (DEFICIT)</b>  |   |                 |                             |                     |
| Restricted   | -   | 3,556           | -                           | 23,174              |
| Unassigned   | (137,421)   | -               | -                           | (355,561)           |
| <b>Total Fund Balance</b>  | <u>(137,421)</u>  | <u>3,556</u>    | <u>-</u>                    | <u>(332,387)</u>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS, AND FUND BALANCE (DEFICIT)</b> | <u>\$ 202,850</u>   | <u>\$ 3,556</u> | <u>\$ 22,439</u>            | <u>\$ 1,025,961</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | Child and Family<br>Connections | Early Childhood<br>Grant<br>(3705-00) | Early Childhood<br>Block Grant<br>(3705-01) | Family Violence | Hearing/ Vision<br>Screening | Local Donations |
|--|---------------------------------|---------------------------------------|---|-----------------|------------------------------|-----------------|
| <b>REVENUES</b>  |                                 |                                       |   |                 |                              |                 |
| Local sources  | \$ -                            | \$ 957                                | \$ -  | \$ -            | \$ 17,442                    | \$ 5,929        |
| State sources  | 466,990                         | 316,047                               | 254,326                                     | -               | -                            | -               |
| Federal sources  | -                               | -                                     | -   | -               | -                            | -               |
| <b>Total Revenues</b>  | <b>466,990</b>                  | <b>317,004</b>                        | <b>254,326</b>                              | <b>-</b>        | <b>17,442</b>                | <b>5,929</b>    |
| <b>EXPENDITURES</b>  |                                 |                                       |   |                 |                              |                 |
| Salaries and benefits  | 341,430                         | 280,649                               | 219,371                                     | -               | 14,072                       | -               |
| Pension expense  | 27,148                          | 1,347                                 | 19,032                                      | -               | -                            | -               |
| Purchased services   | 86,404                          | 15,170                                | 63,076                                      | 674             | 5,079                        | -               |
| Supplies and materials   | 9,635                           | 44,585                                | 20,880                                      | -               | 15                           | -               |
| Other objects  | 2,373                           | -                                     | -   | -               | -                            | -               |
| Capital outlay   | -                               | 6,160                                 | 1,999                                       | -               | -                            | -               |
| Payments to other governments  | -                               | 52,974                                | -   | -               | -                            | -               |
| <b>Total Expenditures</b>  | <b>466,990</b>                  | <b>400,885</b>                        | <b>324,358</b>                              | <b>674</b>      | <b>19,166</b>                | <b>-</b>        |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>-</b>                        | <b>(83,881)</b>                       | <b>(70,032)</b>                             | <b>(674)</b>    | <b>(1,724)</b>               | <b>5,929</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                                 |                                       |   |                 |                              |                 |
| Transfers in   | -                               | -                                     | 16,612                                      | -               | -                            | -               |
| Transfers out  | -                               | -                                     | -   | -               | -                            | -               |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                        | <b>-</b>                              | <b>16,612</b>                               | <b>-</b>        | <b>-</b>                     | <b>-</b>        |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>-</b>                        | <b>(83,881)</b>                       | <b>(53,420)</b>                             | <b>(674)</b>    | <b>(1,724)</b>               | <b>5,929</b>    |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                            | <b>-</b>                        | <b>-</b>                              | <b>-</b>                                    | <b>441</b>      | <b>9,288</b>                 | <b>2,815</b>    |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                               | <b>\$ -</b>                     | <b>\$ (83,881)</b>                    | <b>\$ (53,420)</b>                          | <b>\$ (233)</b> | <b>\$ 7,564</b>              | <b>\$ 8,744</b> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | McKinney<br>Education for<br>Homeless Children | New Principal<br>Mentoring | Regional Safe<br>Schools | Regional Safe<br>Schools<br>Cooperative | ROE Technology<br>Maintenance | School and<br>Community<br>Assistance Team |
|--|--|----------------------------|--------------------------|---|-------------------------------|--|
| <b>REVENUES</b>  |  |                            |                          |   |                               |  |
| Local sources  | \$ -   | \$ -                       | \$ -                     | \$ -                                    | \$ -                          | \$ -                                       |
| State sources  | -  | -                          | 30,000                   | 38,408                                  | -                             | -  |
| Federal sources  | 246,924  | -                          | -                        | -                                       | -                             | -  |
| <b>Total Revenues</b>  | <b>246,924</b>                                 | <b>-</b>                   | <b>30,000</b>            | <b>38,408</b>                           | <b>-</b>                      | <b>-</b>                                   |
| <b>EXPENDITURES</b>  |  |                            |                          |   |                               |  |
| Salaries and benefits  | 35,603   | -                          | 60,637                   | 20,290                                  | -                             | -  |
| Pension expense  | -  | -                          | -                        | -                                       | -                             | -  |
| Purchased services   | 17,018   | -                          | -                        | 6,014                                   | -                             | -  |
| Supplies and materials   | 8,858  | -                          | -                        | 12,104                                  | 299                           | -  |
| Other objects  | -  | -                          | -                        | -                                       | -                             | -  |
| Capital outlay   | 928  | -                          | -                        | -                                       | -                             | -  |
| Payments to other governments  | 184,517  | -                          | -                        | -                                       | -                             | -  |
| <b>Total Expenditures</b>  | <b>246,924</b>                                 | <b>-</b>                   | <b>60,637</b>            | <b>38,408</b>                           | <b>299</b>                    | <b>-</b>                                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>-</b>                                       | <b>-</b>                   | <b>(30,637)</b>          | <b>-</b>                                | <b>(299)</b>                  | <b>-</b>                                   |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |  |                            |                          |   |                               |  |
| Transfers in   | -  | -                          | -                        | -                                       | -                             | -  |
| Transfers out  | -  | -                          | -                        | -                                       | -                             | (214)                                      |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                                       | <b>-</b>                   | <b>-</b>                 | <b>-</b>                                | <b>-</b>                      | <b>(214)</b>                               |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>-</b>                                       | <b>-</b>                   | <b>(30,637)</b>          | <b>-</b>                                | <b>(299)</b>                  | <b>(214)</b>                               |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                            | <b>-</b>                                       | <b>1,896</b>               | <b>-</b>                 | <b>-</b>                                | <b>1,347</b>                  | <b>214</b>                                 |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                               | <b>\$ -</b>                                    | <b>\$ 1,896</b>            | <b>\$ (30,637)</b>       | <b>\$ -</b>                             | <b>\$ 1,048</b>               | <b>\$ -</b>                                |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | Teen Court<br>Donations | Teen Court<br>Fines | Title I -<br>Foundational<br>Services | Title II - Teacher<br>Leadership | Title II - Teacher<br>Quality | Truants Alternative<br>Optional Education |
|--|-------------------------|---------------------|---------------------------------------|----------------------------------|-------------------------------|---|
| <b>REVENUES</b>  |                         |                     |                                       |                                  |                               |   |
| Local sources  | \$ -                    | \$ 9,225            | \$ -                                  | \$ -                             | \$ -                          | \$ -                                      |
| State sources  | -                       | -                   | -                                     | -                                | -                             | 50,586                                    |
| Federal sources  | -                       | -                   | 1,509                                 | 2,299                            | 874                           | -   |
| <b>Total Revenues</b>  | <b>-</b>                | <b>9,225</b>        | <b>1,509</b>                          | <b>2,299</b>                     | <b>874</b>                    | <b>50,586</b>                             |
| <b>EXPENDITURES</b>  |                         |                     |                                       |                                  |                               |   |
| Salaries and benefits  | -                       | 6,459               | -                                     | -                                | -                             | 81,235                                    |
| Pension expense  | -                       | -                   | -                                     | -                                | -                             | 4,129                                     |
| Purchased services   | -                       | 1,392               | -                                     | 2,299                            | 806                           | 12,790                                    |
| Supplies and materials   | -                       | 1,374               | 1,509                                 | -                                | 68                            | 2,401                                     |
| Other objects  | -                       | -                   | -                                     | -                                | -                             | -   |
| Capital outlay   | -                       | -                   | -                                     | -                                | -                             | -   |
| Payments to other governments  | -                       | -                   | -                                     | -                                | -                             | -   |
| <b>Total Expenditures</b>  | <b>-</b>                | <b>9,225</b>        | <b>1,509</b>                          | <b>2,299</b>                     | <b>874</b>                    | <b>100,555</b>                            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>-</b>                | <b>-</b>            | <b>-</b>                              | <b>-</b>                         | <b>-</b>                      | <b>(49,969)</b>                           |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                         |                     |                                       |                                  |                               |   |
| Transfers in   | -                       | -                   | -                                     | -                                | -                             | -   |
| Transfers out  | -                       | -                   | -                                     | -                                | -                             | -   |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>                | <b>-</b>            | <b>-</b>                              | <b>-</b>                         | <b>-</b>                      | <b>-</b>                                  |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>-</b>                | <b>-</b>            | <b>-</b>                              | <b>-</b>                         | <b>-</b>                      | <b>(49,969)</b>                           |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                            | <b>366</b>              | <b>-</b>            | <b>-</b>                              | <b>-</b>                         | <b>-</b>                      | <b>-</b>                                  |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                               | <b>\$ 366</b>           | <b>\$ -</b>         | <b>\$ -</b>                           | <b>\$ -</b>                      | <b>\$ -</b>                   | <b>\$ (49,969)</b>                        |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | Truants Alternative<br>Optional Education<br>Program Training | United Way      | WC4 (ROE/ISC<br>Operations) | TOTALS              |
|--|---|-----------------|-----------------------------|---------------------|
| <b>REVENUES</b>  |   |                 |                             |                     |
| Local sources  | \$ -  | \$ 2,792        | \$ -                        | \$ 36,345           |
| State sources  | 75,376  | -               | 100,523                     | 1,332,256           |
| Federal sources  | -   | -               | -                           | 251,606             |
| <b>Total Revenues</b>  | <b>75,376</b>   | <b>2,792</b>    | <b>100,523</b>              | <b>1,620,207</b>    |
| <b>EXPENDITURES</b>  |   |                 |                             |                     |
| Salaries and benefits  | 116,802   | 985             | 43,647                      | 1,221,180           |
| Pension expense  | 9,334   | 153             | 1,001                       | 62,144              |
| Purchased services   | 86,124  | 336             | 6,887                       | 304,069             |
| Supplies and materials   | 537   | -               | -                           | 102,265             |
| Other objects  | -   | -               | -                           | 2,373               |
| Capital outlay   | -   | -               | -                           | 9,087               |
| Payments to other governments  | -   | -               | 48,988                      | 286,479             |
| <b>Total Expenditures</b>  | <b>212,797</b>  | <b>1,474</b>    | <b>100,523</b>              | <b>1,987,597</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(137,421)</b>  | <b>1,318</b>    | <b>-</b>                    | <b>(367,390)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |   |                 |                             |                     |
| Transfers in   | -   | -               | -                           | 16,612              |
| Transfers out  | -   | -               | -                           | (214)               |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>-</b>  | <b>-</b>        | <b>-</b>                    | <b>16,398</b>       |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>(137,421)</b>  | <b>1,318</b>    | <b>-</b>                    | <b>(350,992)</b>    |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                            | <b>-</b>  | <b>2,238</b>    | <b>-</b>                    | <b>18,605</b>       |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                               | <b>\$ (137,421)</b>   | <b>\$ 3,556</b> | <b>\$ -</b>                 | <b>\$ (332,387)</b> |



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 CHILD AND FAMILY CONNECTIONS  
 FOR THE YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts       |                        | Actual<br>Amounts      |
|--|------------------------|------------------------|------------------------|
|  | Original               | Final                  |                        |
| <b>REVENUE</b>                         |                        |                        |                        |
| State sources                          | \$ 494,294             | \$ 494,294             | \$ 466,990             |
| Total Revenue                          | <u>494,294</u>         | <u>494,294</u>         | <u>466,990</u>         |
| <b>EXPENDITURES</b>                    |                        |                        |                        |
| Salaries and benefits                  | 406,215                | 406,215                | 341,430                |
| Pension expense                        | -                      | -                      | 27,148                 |
| Purchased services                     | 77,888                 | 77,888                 | 86,404                 |
| Supplies and materials                 | 8,391                  | 8,391                  | 9,635                  |
| Other objects                          | -                      | -                      | 2,373                  |
| Capital outlay                         | 1,800                  | 1,800                  | -                      |
| Total Expenditures                     | <u>494,294</u>         | <u>494,294</u>         | <u>466,990</u>         |
| <br>NET CHANGE IN FUND BALANCE         | <br>-                  | <br>-                  | <br>-                  |
| <br>FUND BALANCE (DEFICIT) - BEGINNING | <br><u>-</u>           | <br><u>-</u>           | <br><u>-</u>           |
| <br>FUND BALANCE (DEFICIT) - ENDING    | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts   |                    | Actual<br>Amounts         |
|------------------------------------|--------------------|--------------------|---------------------------|
|                                    | Original           | Final              |                           |
| <b>REVENUE</b>                     |                    |                    |                           |
| Local                              | \$ -               | \$ -               | \$ 957                    |
| State sources                      | 393,447            | 402,445            | 316,047                   |
| Total Revenue                      | <u>393,447</u>     | <u>402,445</u>     | <u>317,004</u>            |
| <b>EXPENDITURES</b>                |                    |                    |                           |
| Salaries and benefits              | 282,288            | 282,288            | 280,649                   |
| Pension expense                    | -                  | -                  | 1,347                     |
| Purchased services                 | 15,825             | 15,825             | 15,170                    |
| Supplies and materials             | 35,737             | 44,735             | 44,585                    |
| Capital outlay                     | 6,597              | 6,597              | 6,160                     |
| Payments to other governments      | 53,000             | 53,000             | 52,974                    |
| Total Expenditures                 | <u>393,447</u>     | <u>402,445</u>     | <u>400,885</u>            |
| <br>                               |                    |                    |                           |
| NET CHANGE IN FUND BALANCE         | -                  | -                  | (83,881)                  |
| <br>                               |                    |                    |                           |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>           | <u>-</u>           | <u>-</u>                  |
| <br>                               |                    |                    |                           |
| FUND BALANCE (DEFICIT) - ENDING    | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (83,881)</u></u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 FOR THE YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts |                | Actual<br>Amount   |
|--|------------------|----------------|--------------------|
|  | Original         | Final          |                    |
| <b>REVENUE</b>   |                  |                |                    |
| State sources  | \$ 320,521       | \$ 320,521     | \$ 254,326         |
| Total Revenue  | <u>320,521</u>   | <u>320,521</u> | <u>254,326</u>     |
| <b>EXPENDITURES</b>  |                  |                |                    |
| Salaries and benefits  | 249,389          | 247,389        | 219,371            |
| Pension expense  | -                | -              | 19,032             |
| Purchased services   | 60,132           | 58,132         | 63,076             |
| Supplies and materials                                       | 11,000           | 13,000         | 20,880             |
| Capital outlay   | -                | 2,000          | 1,999              |
| Total Expenditures   | <u>320,521</u>   | <u>320,521</u> | <u>324,358</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>-</u>         | <u>-</u>       | <u>(70,032)</u>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                  |                |                    |
| Transfer in  | -                | -              | 16,612             |
| Total Other Financing Sources (Uses)                         | <u>-</u>         | <u>-</u>       | <u>16,612</u>      |
| <b>NET CHANGE IN FUND BALANCE</b>                            | -                | -              | (53,420)           |
| <b>FUND BALANCE (DEFICIT) - BEGINNING</b>                    | <u>-</u>         | <u>-</u>       | <u>-</u>           |
| <b>FUND BALANCE (DEFICIT) - ENDING</b>                       | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ (53,420)</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN (16-4920)  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts   |                    | Actual<br>Amounts  |
|------------------------------------|--------------------|--------------------|--------------------|
|                                    | Original           | Final              |                    |
| <b>REVENUE</b>                     |                    |                    |                    |
| Federal sources                    | \$ 207,020         | \$ 241,602         | \$ 40,938          |
| Total Revenue                      | <u>207,020</u>     | <u>241,602</u>     | <u>40,938</u>      |
| <b>EXPENDITURES</b>                |                    |                    |                    |
| Salaries and benefits              | 30,420             | 37,498             | 5,168              |
| Purchased services                 | 13,855             | 20,642             | 2,328              |
| Supplies and materials             | 7,480              | 7,544              | 8,642              |
| Capital outlay                     | -                  | 1,253              | 928                |
| Payments to other governments      | <u>155,265</u>     | <u>174,665</u>     | <u>23,872</u>      |
| Total Expenditures                 | <u>207,020</u>     | <u>241,602</u>     | <u>40,938</u>      |
| <br>                               |                    |                    |                    |
| NET CHANGE IN FUND BALANCE         | -                  | -                  | -                  |
| <br>                               |                    |                    |                    |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| <br>                               |                    |                    |                    |
| FUND BALANCE (DEFICIT) - ENDING    | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN (17-4920)  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts   |                    | Actual<br>Amounts  |
|------------------------------------|--------------------|--------------------|--------------------|
|                                    | Original           | Final              |                    |
| <b>REVENUE</b>                     |                    |                    |                    |
| Federal sources                    | \$ 171,611         | \$ 215,642         | \$ 205,986         |
| Total Revenue                      | <u>171,611</u>     | <u>215,642</u>     | <u>205,986</u>     |
| <b>EXPENDITURES</b>                |                    |                    |                    |
| Salaries and benefits              | 23,000             | 30,435             | 30,435             |
| Purchased services                 | 144,853            | 17,487             | 14,690             |
| Supplies and materials             | 3,758              | 4,488              | 216                |
| Capital outlay                     | -                  | 1,500              | -                  |
| Payments to other governments      | -                  | 161,732            | 160,645            |
| Total Expenditures                 | <u>171,611</u>     | <u>215,642</u>     | <u>205,986</u>     |
| NET CHANGE IN FUND BALANCE         | -                  | -                  | -                  |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| FUND BALANCE (DEFICIT) - ENDING    | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts |               | Actual<br>Amounts  |
|------------------------------------|------------------|---------------|--------------------|
|                                    | Original         | Final         |                    |
| REVENUE                            |                  |               |                    |
| State sources                      | \$ 60,637        | \$ 60,637     | \$ 30,000          |
| Total Revenue                      | <u>60,637</u>    | <u>60,637</u> | <u>30,000</u>      |
| EXPENDITURES                       |                  |               |                    |
| Salaries and benefits              | <u>60,637</u>    | <u>60,637</u> | <u>60,637</u>      |
| Total Expenditures                 | <u>60,637</u>    | <u>60,637</u> | <u>60,637</u>      |
| NET CHANGE IN FUND BALANCE         | -                | -             | (30,637)           |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>      | <u>-</u>           |
| FUND BALANCE (DEFICIT) - ENDING    | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ (30,637)</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE  
 FOR THE YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts       |                        | Actual<br>Amounts      |
|--|------------------------|------------------------|------------------------|
|  | Original               | Final                  |                        |
| <b>REVENUE</b>                         |                        |                        |                        |
| State sources                          | \$ 37,390              | \$ 37,390              | \$ 38,408              |
| Total Revenue                          | <u>37,390</u>          | <u>37,390</u>          | <u>38,408</u>          |
| <b>EXPENDITURES</b>                    |                        |                        |                        |
| Salaries and benefits                  | 20,290                 | 20,290                 | 20,290                 |
| Purchased services                     | 7,801                  | 7,801                  | 6,014                  |
| Supplies and materials                 | 9,299                  | 9,299                  | 12,104                 |
| Total Expenditures                     | <u>37,390</u>          | <u>37,390</u>          | <u>38,408</u>          |
| <br>NET CHANGE IN FUND BALANCE         | <br>-                  | <br>-                  | <br>-                  |
| <br>FUND BALANCE (DEFICIT) - BEGINNING | <br><u>-</u>           | <br><u>-</u>           | <br><u>-</u>           |
| <br>FUND BALANCE (DEFICIT) - ENDING    | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts |              | Actual<br>Amounts |
|------------------------------------|------------------|--------------|-------------------|
|                                    | Original         | Final        |                   |
| REVENUE                            |                  |              |                   |
| Federal sources                    | \$ 2,399         | \$ 2,399     | \$ 2,299          |
| Total Revenue                      | <u>2,399</u>     | <u>2,399</u> | <u>2,299</u>      |
| EXPENDITURES                       |                  |              |                   |
| Purchased services                 | 2,399            | 2,399        | 2,299             |
| Total Expenditures                 | <u>2,399</u>     | <u>2,399</u> | <u>2,299</u>      |
| NET CHANGE IN FUND BALANCE         | -                | -            | -                 |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>     | <u>-</u>          |
| FUND BALANCE (DEFICIT) - ENDING    | <u>\$ -</u>      | <u>\$ -</u>  | <u>\$ -</u>       |



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts |             | Actual<br>Amounts |
|------------------------------------|------------------|-------------|-------------------|
|                                    | Original         | Final       |                   |
| <b>REVENUE</b>                     |                  |             |                   |
| Federal sources                    | \$ 919           | \$ 920      | \$ 874            |
| Total Revenue                      | <u>919</u>       | <u>920</u>  | <u>874</u>        |
| <b>EXPENDITURES</b>                |                  |             |                   |
| Purchased services                 | 819              | 820         | 806               |
| Supplies and materials             | 100              | 100         | 68                |
| Total Expenditures                 | <u>919</u>       | <u>920</u>  | <u>874</u>        |
| NET CHANGE IN FUND BALANCE         | -                | -           | -                 |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>    | <u>-</u>          |
| FUND BALANCE (DEFICIT) - ENDING    | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u>       |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts       |                        | Actual<br>Amounts             |
|--|------------------------|------------------------|-------------------------------|
|  | Original               | Final                  |                               |
| <b>REVENUE</b>                         |                        |                        |                               |
| State sources                          | \$ 100,555             | \$ 100,555             | \$ 50,586                     |
| Total Revenue                          | <u>100,555</u>         | <u>100,555</u>         | <u>50,586</u>                 |
| <b>EXPENDITURES</b>                    |                        |                        |                               |
| Salaries and benefits                  | 85,343                 | 85,795                 | 81,235                        |
| Pension expense                        | -                      | -                      | 4,129                         |
| Purchased services                     | 14,567                 | 13,307                 | 12,790                        |
| Supplies and materials                 | 645                    | 1,453                  | 2,401                         |
| Total Expenditures                     | <u>100,555</u>         | <u>100,555</u>         | <u>100,555</u>                |
| <br>NET CHANGE IN FUND BALANCE         | <br>-                  | <br>-                  | <br>(49,969)                  |
| <br>FUND BALANCE (DEFICIT) - BEGINNING | <br><u>-</u>           | <br><u>-</u>           | <br><u>-</u>                  |
| <br>FUND BALANCE (DEFICIT) - ENDING    | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> | <br><u><u>\$ (49,969)</u></u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (16-3695-PD)  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts |                | Actual<br>Amounts  |
|------------------------------------|------------------|----------------|--------------------|
|                                    | Original         | Final          |                    |
| <b>REVENUE</b>                     |                  |                |                    |
| State sources                      | \$ 202,850       | \$ 202,850     | \$ 75,376          |
| Total Revenue                      | <u>202,850</u>   | <u>202,850</u> | <u>75,376</u>      |
| <b>EXPENDITURES</b>                |                  |                |                    |
| Salaries and benefits              | 111,975          | 111,975        | 15,911             |
| Pension expense                    | -                | -              | -                  |
| Purchased services                 | 90,375           | 90,375         | 71,758             |
| Supplies and materials             | 500              | 500            | 298                |
| Total Expenditures                 | <u>202,850</u>   | <u>202,850</u> | <u>87,967</u>      |
| NET CHANGE IN FUND BALANCE         | -                | -              | (12,591)           |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>       | <u>-</u>           |
| FUND BALANCE (DEFICIT) - ENDING    | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ (12,591)</u> |

Revenues and expenditures are less than budgeted amounts because the grant ran from July 6, 2015, through August 31, 2016; only part of the grant was received and expended in the current fiscal year.

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM TRAINING (17-3695-PD)  
 FOR THE YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts |                 | Actual<br>Amounts       |
|--|------------------|-----------------|-------------------------|
|  | Original         | Final           |                         |
| <b>REVENUE</b>                         |                  |                 |                         |
| State sources                          | \$ 202,850       | \$ 202,850      | \$ -                    |
| Total Revenue                          | <u>202,850</u>   | <u>202,850</u>  | <u>-</u>                |
| <b>EXPENDITURES</b>                    |                  |                 |                         |
| Salaries and benefits                  | 111,975          | 111,975         | 100,891                 |
| Pension expense                        | -                | -               | 9,334                   |
| Purchased services                     | 90,375           | 90,375          | 14,366                  |
| Supplies and materials                 | 500              | 500             | 239                     |
| Total Expenditures                     | <u>202,850</u>   | <u>202,850</u>  | <u>124,830</u>          |
| <br>NET CHANGE IN FUND BALANCE         | <br>-            | <br>-           | <br>(124,830)           |
| <br>FUND BALANCE (DEFICIT) - BEGINNING | <br><u>-</u>     | <br><u>-</u>    | <br><u>-</u>            |
| <br>FUND BALANCE (DEFICIT) - ENDING    | <br><u>\$ -</u>  | <br><u>\$ -</u> | <br><u>\$ (124,830)</u> |

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

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 WC4 (ROE/ISC OPERATIONS)  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | Budgeted Amounts |                | Actual<br>Amounts |
|------------------------------------|------------------|----------------|-------------------|
|                                    | Original         | Final          |                   |
| <b>REVENUE</b>                     |                  |                |                   |
| State sources                      | \$ 100,523       | \$ 100,523     | \$ 100,523        |
| Total Revenue                      | <u>100,523</u>   | <u>100,523</u> | <u>100,523</u>    |
| <b>EXPENDITURES</b>                |                  |                |                   |
| Salaries and benefits              | 51,108           | 51,108         | 43,647            |
| Pension expense                    | -                | -              | 1,001             |
| Purchased services                 | 6,048            | 6,048          | 6,887             |
| Payments to other governments      | 43,367           | 43,367         | 48,988            |
| Total Expenditures                 | <u>100,523</u>   | <u>100,523</u> | <u>100,523</u>    |
| NET CHANGE IN FUND BALANCE         | -                | -              | -                 |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCE (DEFICIT) - ENDING    | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

|   | <u>General Education<br/>Development</u> | <u>Bus Driver<br/>Training</u> | <u>Institute</u>  | <u>TOTALS</u>     |
|---|--|--------------------------------|-------------------|-------------------|
| ASSETS  |  |                                |                   |                   |
| Cash and cash equivalents                       | \$ 15,603                                | \$ 27,157                      | \$ 138,793        | \$ 181,553        |
| TOTAL ASSETS                                    | <u>\$ 15,603</u>                         | <u>\$ 27,157</u>               | <u>\$ 138,793</u> | <u>\$ 181,553</u> |
| FUND BALANCE (DEFICIT)                          |  |                                |                   |                   |
| Restricted                                      | \$ 15,603                                | \$ 27,157                      | \$ 138,793        | \$ 181,553        |
| Total Fund Balance (Deficit)                    | <u>15,603</u>                            | <u>27,157</u>                  | <u>138,793</u>    | <u>181,553</u>    |
| TOTAL LIABILITIES AND<br>FUND BALANCE (DEFICIT) | <u>\$ 15,603</u>                         | <u>\$ 27,157</u>               | <u>\$ 138,793</u> | <u>\$ 181,553</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                    | General Education<br>Development | Bus Driver<br>Training | Institute         | TOTALS            |
|------------------------------------|----------------------------------|------------------------|-------------------|-------------------|
| <b>REVENUES</b>                    |                                  |                        |                   |                   |
| Local sources                      | \$ 1,989                         | \$ 3,634               | \$ 24,770         | \$ 30,393         |
| State sources                      | -                                | 1,352                  | -                 | 1,352             |
| Investment earnings                | -                                | -                      | 495               | 495               |
| Total Revenues                     | <u>1,989</u>                     | <u>4,986</u>           | <u>25,265</u>     | <u>32,240</u>     |
| <b>EXPENDITURES</b>                |                                  |                        |                   |                   |
| Salaries and benefits              | -                                | -                      | 7,048             | 7,048             |
| Pension expense                    | -                                | -                      | 1,059             | 1,059             |
| Purchased services                 | 1,310                            | 1,778                  | 3,909             | 6,997             |
| Supplies and materials             | 712                              | -                      | -                 | 712               |
| Other objects                      | -                                | -                      | 140               | 140               |
| Total Expenditures                 | <u>2,022</u>                     | <u>1,778</u>           | <u>12,156</u>     | <u>15,956</u>     |
| NET CHANGE IN FUND BALANCE         | (33)                             | 3,208                  | 13,109            | 16,284            |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>15,636</u>                    | <u>23,949</u>          | <u>125,684</u>    | <u>165,269</u>    |
| FUND BALANCE (DEFICIT) - ENDING    | <u>\$ 15,603</u>                 | <u>\$ 27,157</u>       | <u>\$ 138,793</u> | <u>\$ 181,553</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2017

|  | Business-Type Activities -<br>Enterprise Funds |                        | TOTALS           |
|--|--|------------------------|------------------|
|  | Workshop<br>Fund                               | Fingerprinting<br>Fund |                  |
| <b>ASSETS</b>                          |  |                        |                  |
| Current assets:                        |  |                        |                  |
| Cash and cash equivalents              | \$ -   | \$ 4,741               | \$ 4,741         |
| Due from other funds                   | -  | 12,612                 | 12,612           |
| Total current assets                   | -  | 17,353                 | 17,353           |
| Noncurrent assets:                     |  |                        |                  |
| Capital assets, being depreciated, net | 95   | -                      | 95               |
| Total noncurrent assets                | 95   | -                      | 95               |
| <b>TOTAL ASSETS</b>                    | <b>95</b>                                      | <b>17,353</b>          | <b>17,448</b>    |
| <b>NET POSITION</b>                    |  |                        |                  |
| Invested in capital assets             | 95   | -                      | 95               |
| Unrestricted                           | -  | 17,353                 | 17,353           |
| <b>TOTAL NET POSITION</b>              | <b>\$ 95</b>                                   | <b>\$ 17,353</b>       | <b>\$ 17,448</b> |



FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

|                                | Business-Type Activities |                        | TOTALS           |
|--------------------------------|--------------------------|------------------------|------------------|
|                                | Enterprise Funds         |                        |                  |
|                                | Workshop<br>Fund         | Fingerprinting<br>Fund |                  |
| OPERATING REVENUES             |                          |                        |                  |
| Fees for services              | \$ -                     | \$ 51,227              | \$ 51,227        |
| Total Operating Revenues       | <u>-</u>                 | <u>51,227</u>          | <u>51,227</u>    |
| OPERATING EXPENSES             |                          |                        |                  |
| Purchased services             | -                        | 44,051                 | 44,051           |
| Depreciation                   | 279                      | -                      | 279              |
| Total Operating Expenses       | <u>279</u>               | <u>44,051</u>          | <u>44,330</u>    |
| OPERATING INCOME (LOSS)        | (279)                    | 7,176                  | 6,897            |
| NONOPERATING EXPENSE           |                          |                        |                  |
| Transfer out                   | -                        | (28,071)               | (28,071)         |
| Total Nonoperating Expense     | <u>-</u>                 | <u>(28,071)</u>        | <u>(28,071)</u>  |
| CHANGE IN NET POSITION         | (279)                    | (20,895)               | (21,174)         |
| TOTAL NET POSITION - BEGINNING | <u>374</u>               | <u>38,248</u>          | <u>38,622</u>    |
| TOTAL NET POSITION - ENDING    | <u>\$ 95</u>             | <u>\$ 17,353</u>       | <u>\$ 17,448</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

|   | Business-Type Activities -<br>Enterprise Funds |                        |                 |
|---|--|------------------------|-----------------|
|   | Workshop<br>Fund                               | Fingerprinting<br>Fund | TOTALS          |
| Cash Flows from Operating Activities:   |  |                        |                 |
| Receipts from customers   | \$ -   | \$ 51,227              | \$ 51,227       |
| Payments to suppliers and providers of goods<br>and services                                      | -  | (44,051)               | (44,051)        |
| Net Cash Provided by Operating Activities   | <u>-</u>                                       | <u>7,176</u>           | <u>7,176</u>    |
| Cash Flows from Noncapital Financing Activities:  |  |                        |                 |
| Payments for interfund borrowing, net   | -  | (12,612)               | (12,612)        |
| Cash transfers from other funds   | -  | (28,071)               | (28,071)        |
| Net Cash Used for Noncapital Financing Activities   | <u>-</u>                                       | <u>(40,683)</u>        | <u>(40,683)</u> |
| Net Decrease in Cash and Cash Equivalents   | -  | (33,507)               | (33,507)        |
| Cash and cash equivalents - Beginning   | <u>-</u>                                       | <u>38,248</u>          | <u>38,248</u>   |
| Cash and cash equivalents - Ending  | <u>\$ -</u>                                    | <u>\$ 4,741</u>        | <u>\$ 4,741</u> |
| Reconciliation of Operating Income (Loss) to Net Cash<br>Provided by Operating Activities:        |  |                        |                 |
| Operating Income (Loss)   | \$ (279)                                       | \$ 7,176               | \$ 6,897        |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash<br>Provided by Operating Activities: |  |                        |                 |
| Depreciation  | <u>279</u>                                     | <u>-</u>               | <u>279</u>      |
| Net Cash Provided by Operating Activities   | <u>\$ -</u>                                    | <u>\$ 7,176</u>        | <u>\$ 7,176</u> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2017

|                            | Administrators<br>Roundtable | Area III<br>Superintendents | Hancock County<br>Principals | Regional Board<br>of School<br>Trustees |
|----------------------------|------------------------------|-----------------------------|------------------------------|---|
| <b>ASSETS</b>              |                              |                             |                              |   |
| Cash and cash equivalents  | \$ 8,167                     | \$ 6,150                    | \$ 2,575                     | \$ 1,773                                |
| Due from other governments | 4,004                        | -                           | -                            | -                                       |
| <b>TOTAL ASSETS</b>        | <b>\$ 12,171</b>             | <b>\$ 6,150</b>             | <b>\$ 2,575</b>              | <b>\$ 1,773</b>                         |
| <b>LIABILITIES</b>         |                              |                             |                              |   |
| Due to other governments   | \$ 12,171                    | \$ 6,150                    | \$ 2,575                     | \$ 1,773                                |
| <b>TOTAL LIABILITIES</b>   | <b>\$ 12,171</b>             | <b>\$ 6,150</b>             | <b>\$ 2,575</b>              | <b>\$ 1,773</b>                         |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2017

|                            | School<br>Occupation<br>Facility Tax | Western Area<br>Career System | Distributive<br>Fund | TOTALS              |
|----------------------------|--------------------------------------|-------------------------------|----------------------|---------------------|
| <b>ASSETS</b>              |                                      |                               |                      |                     |
| Cash and cash equivalents  | \$ -                                 | \$ -                          | \$ -                 | \$ 18,665           |
| Due from other governments | -                                    | 4,004                         | 1,343,032            | 1,351,040           |
| <b>TOTAL ASSETS</b>        | <b>\$ -</b>                          | <b>\$ 4,004</b>               | <b>\$ 1,343,032</b>  | <b>\$ 1,369,705</b> |
| <b>LIABILITIES</b>         |                                      |                               |                      |                     |
| Due to other governments   | \$ -                                 | \$ 4,004                      | \$ 1,343,032         | \$ 1,369,705        |
| <b>TOTAL LIABILITIES</b>   | <b>\$ -</b>                          | <b>\$ 4,004</b>               | <b>\$ 1,343,032</b>  | <b>\$ 1,369,705</b> |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

|  | Balance<br>July 1, 2016 | Additions       | Deductions      | Balance<br>June 30, 2017 |
|--|-------------------------|-----------------|-----------------|--------------------------|
| <u>ADMINISTRATORS ROUNDTABLE</u>         |                         |                 |                 |                          |
| <u>ASSETS</u>                            |                         |                 |                 |                          |
| Cash and cash equivalents                | \$ 10,985               | \$ (2,394)      | \$ 424          | \$ 8,167                 |
| Due from other governments               | -                       | 4,004           | -               | 4,004                    |
| Total Assets                             | <u>\$ 10,985</u>        | <u>\$ 1,610</u> | <u>\$ 424</u>   | <u>\$ 12,171</u>         |
| <u>LIABILITIES</u>                       |                         |                 |                 |                          |
| Due to other governments                 | \$ 10,985               | \$ 1,610        | \$ 424          | \$ 12,171                |
| Total Liabilities                        | <u>\$ 10,985</u>        | <u>\$ 1,610</u> | <u>\$ 424</u>   | <u>\$ 12,171</u>         |
| <u>AREA III SUPERINTENDENTS</u>          |                         |                 |                 |                          |
| <u>ASSETS</u>                            |                         |                 |                 |                          |
| Cash and cash equivalents                | \$ 7,085                | \$ 1,500        | \$ 2,435        | \$ 6,150                 |
| Total Assets                             | <u>\$ 7,085</u>         | <u>\$ 1,500</u> | <u>\$ 2,435</u> | <u>\$ 6,150</u>          |
| <u>LIABILITIES</u>                       |                         |                 |                 |                          |
| Due to other governments                 | \$ 7,085                | \$ 1,500        | \$ 2,435        | \$ 6,150                 |
| Total Liabilities                        | <u>\$ 7,085</u>         | <u>\$ 1,500</u> | <u>\$ 2,435</u> | <u>\$ 6,150</u>          |
| <u>HANCOCK COUNTY PRINCIPALS</u>         |                         |                 |                 |                          |
| <u>ASSETS</u>                            |                         |                 |                 |                          |
| Cash and cash equivalents                | \$ 3,512                | \$ 1,646        | \$ 2,583        | \$ 2,575                 |
| Total Assets                             | <u>\$ 3,512</u>         | <u>\$ 1,646</u> | <u>\$ 2,583</u> | <u>\$ 2,575</u>          |
| <u>LIABILITIES</u>                       |                         |                 |                 |                          |
| Due to other governments                 | \$ 3,512                | \$ 1,646        | \$ 2,583        | \$ 2,575                 |
| Total Liabilities                        | <u>\$ 3,512</u>         | <u>\$ 1,646</u> | <u>\$ 2,583</u> | <u>\$ 2,575</u>          |
| <u>REGIONAL BOARD OF SCHOOL TRUSTEES</u> |                         |                 |                 |                          |
| <u>ASSETS</u>                            |                         |                 |                 |                          |
| Cash and cash equivalents                | \$ 1,773                | \$ -            | \$ -            | \$ 1,773                 |
| Total Assets                             | <u>\$ 1,773</u>         | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 1,773</u>          |
| <u>LIABILITIES</u>                       |                         |                 |                 |                          |
| Due to other governments                 | \$ 1,773                | \$ -            | \$ -            | \$ 1,773                 |
| Total Liabilities                        | <u>\$ 1,773</u>         | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ 1,773</u>          |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #26  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

|                                       | Balance<br>July 1, 2016 | Additions           | Deductions          | Balance<br>June 30, 2017 |
|---------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| <u>SCHOOL OCCUPATION FACILITY TAX</u> |                         |                     |                     |                          |
| ASSETS                                |                         |                     |                     |                          |
| Cash and cash equivalents             | \$ -                    | \$ 2,325,430        | \$ 2,325,430        | \$ -                     |
| Total Assets                          | <u>\$ -</u>             | <u>\$ 2,325,430</u> | <u>\$ 2,325,430</u> | <u>\$ -</u>              |
| LIABILITIES                           |                         |                     |                     |                          |
| Due to other governments              | \$ -                    | \$ 2,325,430        | \$ 2,325,430        | \$ -                     |
| Total Liabilities                     | <u>\$ -</u>             | <u>\$ 2,325,430</u> | <u>\$ 2,325,430</u> | <u>\$ -</u>              |
| <br><u>WESTERN AREA CAREER SYSTEM</u> |                         |                     |                     |                          |
| ASSETS                                |                         |                     |                     |                          |
| Cash and cash equivalents             | \$ -                    | \$ 16,016           | \$ 16,016           | \$ -                     |
| Due from other governments            | 379                     | 4,004               | 379                 | 4,004                    |
| Total Assets                          | <u>\$ 379</u>           | <u>\$ 20,020</u>    | <u>\$ 16,395</u>    | <u>\$ 4,004</u>          |
| LIABILITIES                           |                         |                     |                     |                          |
| Due to other governments              | \$ 379                  | \$ 20,020           | \$ 16,395           | \$ 4,004                 |
| Total Liabilities                     | <u>\$ 379</u>           | <u>\$ 20,020</u>    | <u>\$ 16,395</u>    | <u>\$ 4,004</u>          |
| <br><u>DISTRIBUTIVE FUND</u>          |                         |                     |                     |                          |
| ASSETS                                |                         |                     |                     |                          |
| Cash and cash equivalents             | \$ 81                   | \$ 3,625,359        | \$ 3,625,440        | \$ -                     |
| Due from other governments            | 1,641,914               | 1,343,032           | 1,641,914           | 1,343,032                |
| Total Assets                          | <u>\$ 1,641,995</u>     | <u>\$ 4,968,391</u> | <u>\$ 5,267,354</u> | <u>\$ 1,343,032</u>      |
| LIABILITIES                           |                         |                     |                     |                          |
| Due to other governments              | \$ 1,641,995            | \$ 4,968,391        | \$ 5,267,354        | \$ 1,343,032             |
| Total Liabilities                     | <u>\$ 1,641,995</u>     | <u>\$ 4,968,391</u> | <u>\$ 5,267,354</u> | <u>\$ 1,343,032</u>      |
| <br><u>TOTAL ALL AGENCY FUNDS</u>     |                         |                     |                     |                          |
| ASSETS                                |                         |                     |                     |                          |
| Cash and cash equivalents             | \$ 23,436               | \$ 5,967,557        | \$ 5,972,328        | \$ 18,665                |
| Due from other governments            | 1,642,293               | 1,351,040           | 1,642,293           | 1,351,040                |
| Total Assets                          | <u>\$ 1,665,729</u>     | <u>\$ 7,318,597</u> | <u>\$ 7,614,621</u> | <u>\$ 1,369,705</u>      |
| LIABILITIES                           |                         |                     |                     |                          |
| Due to other governments              | \$ 1,665,729            | \$ 7,318,597        | \$ 7,614,621        | \$ 1,369,705             |
| Total Liabilities                     | <u>\$ 1,665,729</u>     | <u>\$ 7,318,597</u> | <u>\$ 7,614,621</u> | <u>\$ 1,369,705</u>      |

FULTON/HANCOCK/MCDONOUGH/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #26  
 SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

| DISTRIBUTIONS                            | Acct.<br>No. | Western Area<br>Career System | West Central<br>Illinois Special Ed | TOTAL               |
|--|--------------|-------------------------------|-------------------------------------|---------------------|
| <b>State Funds</b>                       |              |                               |                                     |                     |
| Sp. Ed. - Personnel                      | 3110         | \$ -                          | \$ 492,242                          | \$ 492,242          |
| Career & Technical Ed Improvement (CTEI) | 3220         | 192,383                       | -                                   | 192,383             |
| State Free Lunch & Breakfast             | 3360         | -                             | 250                                 | 250                 |
| Total State Funds                        |              | <u>192,383</u>                | <u>492,492</u>                      | <u>684,875</u>      |
| <b>Federal Funds</b>                     |              |                               |                                     |                     |
| National School Lunch Program            | 4210         | -                             | 22,588                              | 22,588              |
| School Breakfast Program                 | 4220         | -                             | 14,184                              | 14,184              |
| Fed. - Sp. Ed. - Pre-School Flow Through | 4600         | -                             | 205,128                             | 205,128             |
| Fed. - Sp. Ed. - I.D.E.A. Flow Through   | 4620         | -                             | 2,592,096                           | 2,592,096           |
| CTE-Perkins Secondary                    | 4745         | 106,569                       | -                                   | 106,569             |
| Total Federal Funds                      |              | <u>106,569</u>                | <u>2,833,996</u>                    | <u>2,940,565</u>    |
| <b>TOTAL DISTRIBUTIONS</b>               |              | <u>\$ 298,952</u>             | <u>\$ 3,326,488</u>                 | <u>\$ 3,625,440</u> |