

**STATE OF ILLINOIS
LASALLE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 35**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015**

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35

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**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Mr. Christopher B. Dvorak

Assistant Regional Superintendent
(acting effective August 1, 2015 through current)

Ms. Jennifer Ahlfield

Assistant Regional Superintendent
(July 1, 2015 through July 31, 2015)

No Assistant Regional
Superintendent

Assistant Regional Superintendent
(through June 30, 2015)

Ms. Christina Dougherty

Office is located at:

119 West Madison Street, Room 102
Ottawa, Illinois 61350

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL REPORT SUMMARY**

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

AUDITORS' REPORTS

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

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>			
2015-001	11	Controls Over Financial Statement Preparation	Material Weakness
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
	14	None	N/A

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The LaSalle County Regional Office of Education No. 35 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2015 in a communication dated February 17, 2016. The Response to the recommendation was provided by Mr. Christopher B. Dvorak, Regional Superintendent on November 5, 2015.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the LaSalle County Regional Office of Education No. 35 was performed by Borschnack, Pelletier & Co.

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



Certified Public Accountants & Consultants

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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 LaSalle County Regional Office of Education No. 35, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle County Regional Office of Education No. 35, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the LaSalle County Regional Office of Education No. 35 adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. The implementation of these statements resulted in a restatement of net position as of June 30, 2014 in the amount of \$65,199 and \$7,581 for the Governmental Activities and the Business-Type Activities, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability & Related Ratios - Illinois Municipal Retirement Fund, the Schedule of Employer Contributions - Illinois Municipal Retirement Fund, the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois, and the Schedule of Employer Contributions - Teachers' Retirement System of the State of Illinois on pages 15 through 22 and 61 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Others 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 Schedule of Disbursements to School District Treasurers and Others 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 Schedule of Disbursements to School District Treasurers and Others 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 February 23, 2016 on our consideration of the LaSalle County Regional Office of Education No. 35's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaSalle County Regional Office of Education No. 35's internal control over financial reporting and compliance.

Borschneck, Pellet + Co.

February 23, 2016

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 LaSalle County Regional Office of Education No. 35, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise LaSalle County Regional Office of Education No. 35's basic financial statements, and have issued our report thereon dated February 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaSalle County Regional Office of Education No. 35's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaSalle County Regional Office of Education No. 35's internal control. Accordingly, we do not express an opinion on the effectiveness of LaSalle County Regional Office of Education No. 35's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

Compliance and Other Matters

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

LaSalle County Regional Office of Education No. 35's Response to Finding

The LaSalle County Regional Office of Education No. 35's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The LaSalle County Regional Office of Education No. 35's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



February 23, 2016

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

Part I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ✓ Yes ___ No
- Significant deficiency(ies) identified? ___ Yes ✓ None reported
- Noncompliance material to financial statements noted? ___ Yes ✓ No

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The LaSalle County Regional Office of Education No. 35 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB 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 ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis 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.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

Effect:

The ROE'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.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation (Continued)

Cause:

According to the ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

The ROE agrees with the finding. The ROE's bookkeeper has made numerous inquiries of the auditors and the auditors have worked with the bookkeeper in order for her to more fully understand the intricacies of GASB Statements No. 68 and 71 and their impact on the ROE's financial statements. In addition, our bookkeeper will be provided additional training and support as necessary for applying the requirements of GASB Statements No. 68 and No. 71 in future years.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Corrective Action Plan

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation

Condition:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis 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.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

Plan:

The ROE will send its fiscal staff to available trainings to better understand the pension accounting and reporting requirements currently required under GAAP.

Anticipated Date of Completion:

June 30, 2016

Contact Person:

Chris Dvorak, Regional Superintendent

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

There were no audit findings reported in the prior year.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The LaSalle County Regional Office of Education No. 35 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2015 with comparative information for the year ended June 30, 2014. The 2014 information has not been restated for changes in accounting principles that were adopted effective July 1, 2014. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2015 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$4,094 (1%) from \$353,533 in FY 2014 to \$349,439 in FY 2015. This was the result of a decrease in the amount of RSSP Student fees revenue. The General Fund's expenditures decreased by \$65,370 (16%) from \$416,635 in FY 2014 to \$351,265 in FY 2015. This was primarily the result of a decrease in salaries and benefits paid from RSSP Student fees, as well as a decrease in consultant fees paid from General State Aid.
- Within the Governmental Funds, the Special Revenue Funds' revenues increased by \$225,240 (21%) from \$1,073,929 in FY 2014 to \$1,299,169 in FY 2015. This is a result of an increase of \$100,808 in the Truancy funding, increased to add and support an Optional Ed classroom. In addition, ROE ISC funding increased by \$36,251, and there was an increase in SSOS foundational services funding as well. The Special Revenue Funds' expenditures increased by \$184,958 (17%) from \$1,102,566 in FY 2014 to \$1,287,524 in FY 2015 as a result of the increased funding.
- The Enterprise Funds' revenues decreased by \$44,716 (24%) from \$189,543 in FY 2014 to \$144,827 in FY 2015. This was due to a decrease in schools participating in the Video Streaming Coop, as well as a lack of schools wanting to participate in the Safety Net Coop. Due to the lack of schools willing to participate in the Safety Net Coop, the program will be discontinued beginning FY 2016. In addition, there was a decrease in the number of administrators that required Evaluation and Training services. The Enterprise Funds' expenditures decreased by \$39,396 (20%) from \$192,780 in FY 2014 to \$153,384 in FY 2015. There was a decrease in expenditures relating to Discovery United Streaming Coop., Safety Net Coop, and Evaluation and Training services.

Using This Report

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

- *Required supplementary information and supplementary information* further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

Reporting the ROE as a Whole

It is important to note, that several grants are a cooperative effort of the ROE and the Marshall/Putnam/Woodford Counties Regional Office of Education No. 43. Therefore, these figures may reflect grants that are intended to serve LaSalle County only, as well as grants that serve LaSalle, Marshall, Putnam and Woodford Counties.

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The ROE has three kinds of funds:

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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.

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

Government-Wide Financial Analysis

As noted earlier, net position, when examined over time, may serve as an indicator of the financial health of the ROE. The net position at the end of FY 2015 and 2014 totaled \$915,886 and \$822,646 (before restatement for change in accounting principles) respectively. The analysis that follows provides a summary of the ROE's net position as of June 30.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
ASSETS						
Current assets	\$ 712,406	\$ 697,134	\$ 136,907	\$ 155,082	\$ 849,313	\$ 852,216
Capital assets, net of depreciation	--	--	--	--	--	--
Net pension asset	99,551	--	9,534	--	109,085	--
TOTAL ASSETS	811,957	697,134	146,441	155,082	958,398	852,216
DEFERRED OUTFLOWS OF RESOURCES						
	72,192	--	5,682	--	77,874	--
Current liabilities	21,571	19,077	4,771	10,493	26,342	29,570
Net pension liability	17,265	--	--	--	17,265	--
TOTAL LIABILITIES	38,836	19,077	4,771	10,493	43,607	29,570
DEFERRED INFLOWS OF RESOURCES						
	70,318	--	6,461	--	76,779	--
NET POSITION						
Invested in capital assets, net of related debt	--	--	--	--	--	--
Restricted - other	298,106	175,965	9,534	--	307,640	175,965
Unrestricted	476,889	502,092	131,357	144,589	608,246	646,681
TOTAL NET POSITION	\$ 774,995	\$ 678,057	\$ 140,891	\$ 144,589	\$ 915,886	\$ 822,646

(The 2014 information has not been restated for changes in accounting principles that were adopted effective July 1, 2014.)

The ROE's net position increased by \$93,240 during FY 2015. This increase included an adjustment \$72,780 related to adopting the new pension standards required by GAAP. In addition to the adjustment required by the change in accounting principles, an increase of \$31,739 occurred in the Governmental Activities and a decrease of \$11,279 occurred in the Business-Type Activities.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

CHANGES IN NET POSITION

The following analysis shows the changes in Net Position for the years ended June 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 152,726	\$ 187,297	\$ 144,827	\$ 189,543	\$ 297,553	\$ 376,840
Operating grants and contributions	771,591	560,628	--	--	771,591	560,628
General revenues:						
Fees for services	6,000	4,600	--	--	6,000	4,600
Interest income	2,904	4,429	237	170	3,141	4,599
On-behalf payments	715,387	670,508	--	--	715,387	670,508
Total revenues	<u>1,648,608</u>	<u>1,427,462</u>	<u>145,064</u>	<u>189,713</u>	<u>1,793,672</u>	<u>1,617,175</u>
Expenses:						
Salaries	570,939	510,422	42,838	40,797	613,777	551,219
Benefits	60,954	74,470	3,064	5,209	64,018	79,679
Pension expense	13,973	--	1,254	--	15,227	--
Purchased services	195,581	212,306	93,015	116,990	288,596	329,296
Supplies and materials	42,797	36,381	11,673	28,786	54,470	65,167
Capital outlay	13,413	1,004	--	--	13,413	1,004
Miscellaneous	3,259	2,774	1,540	998	4,799	3,772
Payments to other governmental units	3,525	11,336	--	--	3,525	11,336
On-behalf payments	715,387	670,508	--	--	715,387	670,508
Total expenses	<u>1,619,828</u>	<u>1,519,201</u>	<u>153,384</u>	<u>192,780</u>	<u>1,773,212</u>	<u>1,711,981</u>
Income (loss) before operating transfers	28,780	(91,739)	(8,320)	(3,067)	20,460	(94,806)
Operating transfers	2,959	42,095	(2,959)	(42,095)	--	--
Change in Net Position	31,739	(49,644)	(11,279)	(45,162)	20,460	(94,806)
Net Position, beginning as originally reported	678,057	727,701	144,589	189,751	822,646	917,452
Cumulative effect of change in accounting principle	65,199	--	7,581	--	72,780	--
Net Position, beginning as restated	<u>743,256</u>	<u>727,701</u>	<u>152,170</u>	<u>189,751</u>	<u>895,426</u>	<u>917,452</u>
Net Position, ending, as restated	<u>\$ 774,995</u>	<u>\$ 678,057</u>	<u>\$ 140,891</u>	<u>\$ 144,589</u>	<u>\$ 915,886</u>	<u>\$ 822,646</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Activities

Revenues for governmental activities were \$1,648,608 and expenses were \$1,619,828. During FY 2015, the ROE ISC grant revenues increased by \$36,251, the truancy grant increased by \$100,808, and SSOS foundational services increased by \$18,782. New programs totaling \$29,418 were funded in FY 2015. A new Fairmount Minerals Meals with Love Snack Program for Northwest Elementary began in FY 2015. In addition, the ROE received two new federal grants, STEM Math and STEM Science grants; however, funding and spending for the two grants will occur mostly in FY 2016. A transfer totaling \$10,945 from Workshop funds to the ROE/ISC Operations Fund was needed to offset the overspending that was necessary to enable the ROE to complete all State mandated requirements.

Business-Type Activities

Revenues for business-type activities were \$145,064 and expenditures were \$153,384. There were no additional programs added in FY 2015. The decrease in revenue is attributed to a decrease in the school participation in the Discovery United Streaming Coop, as well as a lack of interest in participation in the Safety Net Coop. The Safety Net Coop fund will be discontinued beginning in FY 2016. In addition, there was a decrease in Evaluation and Training services needed during FY 2015. The expense decreases are attributed to a large decrease in the number of electronic supplies needed to be provided at workshops as compared to FY 2014, as well as a proportionate decrease in the expenditures in Discovery United Streaming Coop, Safety Net Coop and Evaluation and Training services, relating to the decrease in the FY 2015 revenues.

Financial Analysis of the ROE Funds

As previously noted, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$690,835.

Governmental Fund Highlights

- The School Services grant (ROE/ISC Operations) budget for the ROE increased by \$36,251, to \$66,060 compared to \$29,809 in revenue in FY 2014. The funding provided by the State did not pay for all school service activities, etc. Workshop funds in the amount of \$10,945 were transferred to help offset the deficit.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), declined because of the low interest rates and liquidation of investments as necessary.
- County support for the Regional Office of Education No. 35 remained at level funding.
- The State Aid foundation level was the same as FY 2014 at \$6,119. In reality, due to proration, the effective foundation level was \$5,330 in FY 2015.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Proprietary Fund Highlights

Total proprietary fund net position decreased by \$11,279 (7%). The majority of the net decrease in the proprietary funds is attributed to the Workshop fund and the transfer out of funds to cover expenditures in the ROE ISC School Services account.

Fiduciary Fund Highlights

There was an increase of \$395,249 (7%) in total fiduciary funds additions for FY 2015. In FY 2015, there were 3 remaining units that receive their payments through the ROE. Transactions during FY 2015 represent mainly transfers in and out of funds for the Distributive Fund.

Budgetary Highlights

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

Capital Assets

The ROE's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE maintains an inventory of capital assets which have been accumulated over time. For FY 2015 there were no acquisitions meeting the capitalization threshold. Depreciation expense for the FY 2015 was \$0. All of the ROE's capital assets were fully depreciated as of June 30, 2015.

Economic Factors and Next Year's Budget

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

- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained level for FY 2015. The ROE Service Line and Truancy grants both had an increase in revenue for FY 2015. Even with the increase in the ROE ISC dollars, covering expenditures from this source of revenue is impossible. As a result, ROE Service obligations will have to be met with other sources of revenue such as Workshops, etc. With the state government budget troubles, the FY 2016 funding status of ROE ISC remains unknown.
- General State Aid is being prorated at 87% of the FY 2015 foundation level of \$6,119 resulting in an appropriation level of \$5,330.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

- County Board support for Regional Office of Education No. 35 will remain level.
- As a result of Public Act 97-0703, the ROE will be consolidating Marshall and Putnam counties of ROE #43 into its operations with an effective date of July 1, 2015.

Contacting the ROE's Financial Management

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 332,467	\$ 87,330	\$ 419,797
Investments	356,417	40,719	397,136
Accounts receivable	24	-	24
Prepaid expenses	1,847	3,140	4,987
Due from other governmental units	21,651	5,718	27,369
Total current assets	<u>712,406</u>	<u>136,907</u>	<u>849,313</u>
Noncurrent assets			
Capital assets, net	-	-	-
Net pension asset	99,551	9,534	109,085
Total noncurrent assets	<u>99,551</u>	<u>9,534</u>	<u>109,085</u>
TOTAL ASSETS	<u>811,957</u>	<u>146,441</u>	<u>958,398</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>72,192</u>	<u>5,682</u>	<u>77,874</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	21,571	-	21,571
Unearned revenues	-	4,771	4,771
Total current liabilities	<u>21,571</u>	<u>4,771</u>	<u>26,342</u>
Noncurrent liabilities			
Net pension liability	17,265	-	17,265
Total noncurrent liabilities	<u>17,265</u>	<u>-</u>	<u>17,265</u>
TOTAL LIABILITIES	<u>38,836</u>	<u>4,771</u>	<u>43,607</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>70,318</u>	<u>6,461</u>	<u>76,779</u>
NET POSITION			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	476,889	131,357	608,246
Restricted - other	298,106	9,534	307,640
TOTAL NET POSITION	<u>\$ 774,995</u>	<u>\$ 140,891</u>	<u>\$ 915,886</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Fairmount Minerals Grants</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 230,416	\$ 16,024	\$ 43,765	\$ 18,873	\$ 23,389	\$ 332,467
Investments	250,016	-	70,451	-	35,950	356,417
Accounts receivable	-	-	-	-	24	24
Prepaid expenses	1,847	-	-	-	-	1,847
Due from other funds	13,405	-	-	-	-	13,405
Due from other governmental units	8,246	13,405	-	-	-	21,651
TOTAL ASSETS	\$ 503,930	\$ 29,429	\$ 114,216	\$ 18,873	\$ 59,363	\$ 725,811
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	\$ 11,650	\$ 9,921	\$ -	\$ -	\$ -	\$ 21,571
Due to other funds	-	13,405	-	-	-	13,405
Total liabilities	11,650	23,326	-	-	-	34,976
FUND BALANCES						
Nonspendable	1,847	-	-	-	-	1,847
Restricted	-	6,103	114,216	18,873	59,363	198,555
Assigned	79,685	-	-	-	-	79,685
Unassigned	410,748	-	-	-	-	410,748
Total fund balances	492,280	6,103	114,216	18,873	59,363	690,835
TOTAL LIABILITIES AND FUND BALANCES	\$ 503,930	\$ 29,429	\$ 114,216	\$ 18,873	\$ 59,363	\$ 725,811

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

EXHIBIT D

Total fund balances - governmental funds		\$ 690,835
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Noncurrent assets accumulated to pay pension benefits in excess of the related pension liability are not reported in the governmental funds.</p>		
Net pension asset		99,551
<p>Pension related deferred outflows of resources and deferred inflows of resources are not a current economic resource and are not available to satisfy current liabilities, therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	72,192	
Deferred inflows of resources	<u>(70,318)</u>	1,874
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		<u>(17,265)</u>
Net position of governmental activities		<u><u>\$ 774,995</u></u>

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 128,031	\$ -	\$ -	\$ -	\$ 128,031
State sources	244,510	349,359	-	-	1,191	595,060
Local sources	102,515	2,692	38,110	48,500	15,409	207,226
Interest	2,414	-	312	-	178	2,904
On-behalf payments	-	715,387	-	-	-	715,387
Total revenues	349,439	1,195,469	38,422	48,500	16,778	1,648,608
EXPENDITURES						
Instructional services:						
Salaries	238,874	303,474	13,110	4,638	10,843	570,939
Benefits	28,936	31,058	737	66	157	60,954
Pension expenditures	17,067	15,044	823	-	-	32,934
Purchased services	45,065	103,588	12,701	31,645	2,582	195,581
Supplies and materials	15,114	21,332	143	5,952	256	42,797
Miscellaneous	2,684	575	-	-	-	3,259
Payments to other governmental units	3,525	-	-	-	-	3,525
On-behalf payments	-	715,387	-	-	-	715,387
Capital outlay	-	13,413	-	-	-	13,413
Total expenditures	351,265	1,203,871	27,514	42,301	13,838	1,638,789
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,826)	(8,402)	10,908	6,199	2,940	9,819
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(7,986)	10,945	-	-	-	2,959
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(9,812)	2,543	10,908	6,199	2,940	12,778
FUND BALANCES, BEGINNING OF YEAR	502,092	3,560	103,308	12,674	56,423	678,057
FUND BALANCES, END OF YEAR	\$ 492,280	\$ 6,103	\$ 114,216	\$ 18,873	\$ 59,363	\$ 690,835

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT F

Net change in fund balances	\$ 12,778
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report employer pension contributions as pension expenditures. Employer pension contributions made after the measurement date are deferred on the Statement of Activities.	24,884
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.	
Pension expense (net of employer pension contributions not deferred)	<u>(5,923)</u>
Change in net position of governmental activities	<u><u>\$ 31,739</u></u>

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT G

	Business Type Activities - Enterprise Funds				Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Nonmajor Proprietary Funds	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 28,602	\$ 15,433	\$ 6,180	\$ 37,115	\$ 87,330
Investments	-	25,953	-	14,766	40,719
Prepaid expenses	3,140	-	-	-	3,140
Due from other governmental units	5,718	-	-	-	5,718
Total current assets	<u>37,460</u>	<u>41,386</u>	<u>6,180</u>	<u>51,881</u>	<u>136,907</u>
Noncurrent assets					
Net pension asset	-	9,534	-	-	9,534
Total noncurrent assets	<u>-</u>	<u>9,534</u>	<u>-</u>	<u>-</u>	<u>9,534</u>
TOTAL ASSETS	<u>37,460</u>	<u>50,920</u>	<u>6,180</u>	<u>51,881</u>	<u>146,441</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>5,682</u>	<u>-</u>	<u>-</u>	<u>5,682</u>
LIABILITIES					
Current liabilities					
Unearned revenues	-	4,021	750	-	4,771
TOTAL LIABILITIES	<u>-</u>	<u>4,021</u>	<u>750</u>	<u>-</u>	<u>4,771</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>6,461</u>	<u>-</u>	<u>-</u>	<u>6,461</u>
NET POSITION					
Unrestricted	37,460	36,586	5,430	51,881	131,357
Restricted - other	-	9,534	-	-	9,534
TOTAL NET POSITION	<u>\$ 37,460</u>	<u>\$ 46,120</u>	<u>\$ 5,430</u>	<u>\$ 51,881</u>	<u>\$ 140,891</u>

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT H

	Business Type Activities - Enterprise Funds				Total
	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Nonmajor Proprietary Funds		
OPERATING REVENUES					
Local sources	\$ 59,529	\$ 31,071	\$ 14,400	\$ 39,827	\$ 144,827
OPERATING EXPENSES					
Salaries	7,275	23,422	-	12,141	42,838
Benefits	199	2,043	-	822	3,064
Pension expense	-	1,254	-	-	1,254
Purchased services	57,565	2,192	18,081	15,177	93,015
Supplies and materials	2,481	256	-	8,936	11,673
Miscellaneous	1,540	-	-	-	1,540
Total operating expenses	69,060	29,167	18,081	37,076	153,384
OPERATING INCOME (LOSS)	(9,531)	1,904	(3,681)	2,751	(8,557)
NONOPERATING REVENUES					
Interest	125	39	-	73	237
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(9,406)	1,943	(3,681)	2,824	(8,320)
OPERATING TRANSFERS					
Transfers in	4,400	-	3,525	61	7,986
Transfers out	(10,945)	-	-	-	(10,945)
Operating transfers, net	(6,545)	-	3,525	61	(2,959)
CHANGE IN NET POSITION	(15,951)	1,943	(156)	2,885	(11,279)
NET POSITION:					
BEGGINING OF YEAR, as previously reported	53,411	36,596	5,586	48,996	144,589
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	7,581	-	-	7,581
BEGINNING OF YEAR, as restated	53,411	44,177	5,586	48,996	152,170
NET POSITION, END OF YEAR	\$ 37,460	\$ 46,120	\$ 5,430	\$ 51,881	\$ 140,891

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT I

	Business Type Activities - Enterprise Funds				Total
	LaSalle County Area Purchasing Workshop Coop.	Discovery United Streaming Coop.	Nonmajor Proprietary Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 54,171	\$ 27,068	\$ 13,675	\$ 41,699	\$ 136,613
Payments to employees	(7,275)	(23,422)	-	(12,141)	(42,838)
Payments to suppliers	(61,441)	(6,919)	(17,614)	(25,549)	(111,523)
Net cash provided by (used in) operating activities	(14,545)	(3,273)	(3,939)	4,009	(17,748)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:					
Repayments of loans from other funds	-	-	-	(61)	(61)
Repayments of loans to other funds	61	-	-	-	61
Transfers in	4,400	-	3,525	61	7,986
Transfers out	(10,945)	-	-	-	(10,945)
Net cash provided by (used in) non capital financing activities	(6,484)	-	3,525	-	(2,959)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of Investments	-	(39)	-	(73)	(112)
Interest	125	39	-	73	237
Net cash provided by investing activities	125	-	-	-	125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,904)	(3,273)	(414)	4,009	(20,582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	49,506	18,706	6,594	33,106	107,912
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 28,602</u>	<u>\$ 15,433</u>	<u>\$ 6,180</u>	<u>\$ 37,115</u>	<u>\$ 87,330</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (9,531)	\$ 1,904	\$ (3,681)	\$ 2,751	\$ (8,557)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable	-	-	-	872	872
Prepaid expenses	344	-	467	380	1,191
Due from other governmental units	(5,358)	-	-	1,000	(4,358)
Net pension asset	-	(1,242)	-	-	(1,242)
Deferred outflows of resources	-	68	-	-	68
Accounts payable and accrued expenses	-	-	-	(994)	(994)
Unearned revenues	-	(4,003)	(725)	-	(4,728)
Net cash provided by (used in) operating activities	<u>\$ (14,545)</u>	<u>\$ (3,273)</u>	<u>\$ (3,939)</u>	<u>\$ 4,009</u>	<u>\$ (17,748)</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 910</u>
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LIABILITIES

Due to other governmental units	<u>\$ 910</u>
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The notes to the financial statements are an integral part of this statement.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The ROE's accounting policies conform to generally accepted accounting principles which are appropriate for local governmental agencies of this type.

A. Reporting Entity

The ROE's reporting entity includes all related organizations for which the ROE exercises oversight responsibility. The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Blended Component Units

A component unit is an entity which is legally separate from the ROE, but is so intertwined with the ROE that it is, in substance, the same as the ROE. It is reported as part of the ROE and blended into the appropriate funds.

On July 1, 1998, the ROE entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110 to form an educational service delivery system. The name of the educational service delivery system formed is known as the LaSalle County - Putnam, Marshall, Woodford Counties Service Delivery System. The Service Delivery System is

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

responsible for the administration and performance of accounting procedures that conform to all applicable rules and regulations of the Illinois State Board of Education. The ROE was designated as Administrative Agent and Director.

The following grants to the ROE and Marshall-Putnam-Woodford Counties Regional Office of Education No. 43 were assigned to the LaSalle, Marshall, Putnam, and Woodford Counties Service Delivery System: Truants Alternative Program and Learning Technology Center. These grants are reported as Special Revenue Funds.

The ROE is not aware of any entity which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

Future Consolidation

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Marshall and Putnam Counties will be absorbed into the ROE.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. New Accounting Pronouncements

Effective July 1, 2014, the ROE adopted the following accounting pronouncements:

- Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An amendment of GASB Statement No. 68*

GASB Statements No. 68 and No. 71 revised requirements for financial reporting by governmental entities which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the statements established standards for measuring and recognizing liabilities/assets, deferred outflows of resources, deferred inflows of resources, and expense/expenditures relating to pension plans. See note 11 for additional details. GASB Statement No. 69 addresses the reporting of government combinations. The ROE will be absorbing Marshall and Putnam Counties of ROE #43 effective July 1, 2015. No existing financial resources or obligations were transferred with the consolidation.

The ROE will adopt GASB Statements No. 72 and No. 76 on July 1, 2015. No. 72 addresses accounting and financial reporting issues related to fair value measurements. No. 76 relates to GAAP hierarchy for state and local governments. These statements are not expected to have a significant impact on the ROE's financial statements. GASB Statements No. 73, No. 74, No. 75, No. 77 and No. 78 will be adopted in years after fiscal year 2016. The ROE has not yet fully evaluated the impact of these statements on its financial statements.

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

The financial statements of the ROE are prepared in accordance with generally accepted accounting principles (GAAP). The ROE applies all applicable GASB pronouncements.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide, the proprietary fund, and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues of proprietary funds include amounts assessed or received from local sources for the ROE programs. Non-operating revenue includes interest earned on cash deposit accounts.

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

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

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

E. Fund Accounting

The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The ROE maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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

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

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

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

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

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

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Fairmount Minerals Grants – To account for funds received from Fairmount Minerals to promote instructional innovation in LaSalle County Schools, to provide nutritional wellness, to fund a portion of the Regional Work Study program, and to fund a portion of the Regional Safe Schools program.

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

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

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

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

Regional Work Study Local Funding - to account for local revenues, including money received from LaSalle County, to fund a portion of the Regional Work Study program.

Proprietary Fund Types

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

American College Testing (ACT) Student Fees - to account for the fees and local revenues received and related disbursements for the ACT program which is designed to assess high school students' general educational development and their ability to complete college-level work.

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

School Improvement Coop Safety Net - to account for local revenues received for the providence of support with the school improvement process.

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Criminal Background Investigation - to account for the assessments received from the school districts to pay for the processing of background checks of substitute teachers and expenditures incurred providing this service to the school districts.

Fiduciary Fund Types

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

Agency Funds are custodial in nature and do not involve measurement of results of operations. The amounts due to school districts and due to other governments are equal to the assets. Agency Funds include Distributive, Payroll and Marshall/Putnam/Woodford ROE No. 43's ROE/ISC Operations Grant.

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

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

MPW's ROE/ISC Operations Grant – to account for funds received and disbursed on behalf of ROE No. 43 for this particular grant program.

F. Governmental Fund Balances

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The accounts with unassigned fund balances are: General and General State Aid.

G. Revenues - Exchange and Non-exchange Transactions

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

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

H. Cash and Cash Equivalents

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Investments

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

J. Capital Assets

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

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

K. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an expense until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the reporting period. Deferred inflows of resources include the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

L. Estimates

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

M. Budgets and Budgetary Accounting

The ROE did not formally adopt a budget for the year ended June 30, 2015 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following accounts within the Education Fund: McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative Programs, STEM Science, STEM Math, SSOS AIR Foundational Services, ROE/ISC Operations, Teacher Quality, and Teacher Quality- Leadership.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits

The ROE utilizes several different bank accounts for its various activities. The book balance of such accounts is \$809,783 at June 30, 2015, while the bank balance was \$826,267. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2015. Of the total bank balance as of June 30, 2015, \$712,729 was insured by Federal depository insurance, \$113,538 was collateralized by securities pledged by the ROE's financial institution that were held by the financial institution's agent but not in the name of the ROE.

Investments

As of June 30, 2015, the ROE had investments with carrying and fair values as follows:

Investment Type	Carrying Amount	Fair Value
Illinois Funds Money Market	\$ 8,060	\$ 8,060
	\$ 8,060	\$ 8,060

Credit Risk

At June 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235.

Interest Rate Risk

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Equipment	\$ 20,966	\$ -	\$ -	\$ 20,966
Less: accumulated depreciation	20,966	-	-	20,966
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS

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

DUE FROM OTHER GOVERNMENTAL UNITS

Illinois State Board of Education	\$ 13,405
Local school districts	<u>13,964</u>
Total	<u>\$ 27,369</u>

DUE TO OTHER GOVERNMENTAL UNITS

Regional Office of Education No. 35	<u>\$ 910</u>
Total	<u>\$ 910</u>

NOTE 5 - INTERFUND TRANSACTIONS

(a) Transfers From/To Other Funds

The composition of interfund transfers for the year ended June 30, 2015 is as follows:

Fund	Transfers-in	Transfers-out
Education Fund - ROE/ISC Operations	\$ 10,945	\$ -
General Fund - Title II Teacher Quality (from Schools)	-	7,925
General Fund - General State Aid	-	61
Proprietary Funds - Discovery United Streaming Coop.	3,525	-
Proprietary Funds - American College Testing Student Fees	61	-
Proprietary Funds - Workshop	4,400	10,945
Total	<u>\$ 18,931</u>	<u>\$ 18,931</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS (continued)

(b) Due From/To Other Funds

The following is a summary of amounts due from/to other funds as of June 30, 2015:

Fund	Due From	Due To
General Fund - General State Aid	\$ 13,405	\$ -
Education Fund - Regional Safe Schools	-	3,987
Education Fund – STEM Science	-	2,447
Education Fund - STEM Math	-	6,971
Total	\$ 13,405	\$ 13,405

These interfund loans were necessitated by the State or schools not timely paying their obligations to the ROE (or other entities which in turn paid the ROE). Each of these interfund loans was repaid by the end of September 2015.

NOTE 6 - RETIREMENT PLANS

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

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

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

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

Illinois Municipal Retirement Fund

IMRF Plan Description

The ROE’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The ROE’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	8
Inactive Plan Members entitled to but not yet receiving benefits	21
Active Plan Members	<u>12</u>
Total	<u><u>41</u></u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

Contributions

As set by statute, the ROE's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2014 was 9.97%. For the calendar year ended December 31, 2014, the ROE contributed \$23,944 to the plan. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The ROE's net pension liability was measured as of December 31, 2014. 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, 2014:

- 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 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	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 3.56%, and the resulting single discount rate is 7.50%.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 1,101,059	\$ 1,188,815	\$ (87,756)
Changes for the year:			
Service Cost	31,000	-	31,000
Interest on the Total Pension Liability	82,384	-	82,384
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	26,333	-	26,333
Changes of Assumptions	52,106	-	52,106
Contributions - Employer	-	23,944	(23,944)
Contributions - Employees	-	10,807	(10,807)
Net Investment Income	-	181,588	(181,588)
Benefit Payments, including Refunds of Employee Contributions	(36,220)	(36,220)	-
Other (Net Transfer)	-	(3,187)	3,187
Net Changes	<u>155,603</u>	<u>176,932</u>	<u>(21,329)</u>
Balances at December 31, 2014	<u>\$ 1,256,662</u>	<u>\$ 1,365,747</u>	<u>\$ (109,085)</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:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability/(Asset)	\$ 51,734	\$ (109,085)	\$ (236,370)

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

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

For the year ended June 30, 2015, the ROE recognized pension expense of \$14,344. At June 30, 2015, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 17,400	\$ -
Changes of assumptions	34,430	-
Net difference between projected and actual earnings on pension plan investments	_____ -	_____ 73,930
Total Deferred Amounts to be recognized in pension expense in future periods	_____ 51,830	_____ 73,930
<i>Pension Contributions made subsequent to the Measurement Date</i>	_____ 19,684	_____ -
Total Deferred Amounts Related to Pensions	<u>\$ 71,514</u>	<u>\$ 73,930</u>

\$19,684 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2016.

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2015	\$ 8,127
2016	6,739
2017	(18,482)
2018	(18,484)
2019	-
Thereafter	_____ -
Total	<u>\$ (22,100)</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs.cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, 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 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.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

- **On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2015, State of Illinois on-behalf contributions recognized by the employer were based on the State's proportionate share of the collective net pension expense associated with the employer, and the employer recognized revenue and expenditures of \$86,680 in pension on-behalf 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, 2015 were \$1,615, and are deferred because they were paid after the June 30, 2014 measurement date.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$14,475 were paid from federal and special trust funds that required employer contributions of \$4,777. These contributions were deferred because they were paid after the June 30, 2014 measurement date.

- **Early Retirement Cost Contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the employer paid \$0 to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, the ROE reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the ROE. The State's support and total are for disclosure purposes only. The amount recognized by the ROE as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the ROE were as follows:

ROE's proportionate share of the net pension liability	\$ 17,265
State's proportionate share of the net pension liability associated with the ROE	<u>1,076,632</u>
Total	<u>\$ 1,093,897</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The ROE's proportion of the net pension liability was based on the ROE's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the ROE's proportion was 0.00002836844204 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The ROE's proportion of the net pension liability as of June 30, 2013, was based on the ROE's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the ROE's proportion was 0.00003229707722 percent.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

For the year ended June 30, 2015, the ROE recognized pension expense of \$86,680 and revenue of \$86,680 for support provided by the State. For the year ended June 30, 2015, the ROE recognized pension expense of \$882. At June 30, 2015, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9	\$ 0
Net difference between projected and actual earnings on pension plan investments	-	868
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,981
Employer contributions subsequent to the measurement date	6,351	-
Total	\$ 6,360	\$ 2,849

\$6,351 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows / (Inflows) of Resources
2016	\$ (695)
2017	(695)
2018	(695)
2019	(695)
2020	(60)
Total	\$ (2,840)

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic real estate	4%	9.79%
ARS	8%	3.27%
Risk parity	8%	5.57%
Diversified inflation strategy	1%	3.96%
Private equity	14%	13.03%
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.50 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 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RETIREMENT PLANS (continued)

Sensitivity of the ROE's proportionate share of the net pension liability to changes in the discount rate

The following presents the ROE's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the ROE's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
ROE's proportionate share of the net pension liability	\$ 21,321	\$ 17,265	\$ 13,905

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE's insurance provider. Only one former employee has chosen to continue participation in the plan. The implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* is insignificant. Therefore, the ROE has not recorded any postemployment benefit liability as of June 30, 2015.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Teacher Health Insurance Security Fund

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to the THIS fund.

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

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

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$2,840 and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent, respectively. State contributions on behalf of ROE's employees were \$1,693 and \$1,448, respectively.

- **Employer contributions to the THIS Fund**

The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .76 percent during the year ended June 30, 2015 and .72 and .69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the ROE paid \$2,116 to the THIS Fund. For the years ended June 30, 2014 and June 30, 2013, the ROE paid \$1,256 and \$1,086, respectively, which was 100 percent of the required contributions.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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.” Prior reports are available under “Healthcare and Family Services.”

NOTE 8 - COMMON BANK ACCOUNT

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

NOTE 9 - INTEREST ON DISTRIBUTIVE FUND

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

NOTE 10 – ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

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

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

Regional Superintendent (RS) salary	\$ 111,108
Regional Superintendent benefits (includes State paid insurance)	32,099
Assistant Regional Superintendent (ARS) salary	100,020
Assistant Regional Superintendent benefits (includes State paid insurance)	31,415
TRS contributions for RS & ARS & THIS contributions for ROE employees	<u>72,512</u>
Subtotal on-behalf payments by the State of Illinois	<u>\$ 347,154</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS (continued)

As discussed in Note 6, the ROE also recognized \$86,680 of on-behalf payments for the ROE’s share of the State’s TRS pension expense.

Subtotal on-behalf payments by the State of Illinois	\$ 347,154
ROE’s share of TRS pension expense	<u>86,680</u>
Total on-behalf payments by the State of Illinois	<u>\$ 433,834</u>

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

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

Truant Officer salaries	\$ 75,411
Truant Officer benefits	42,529
Clerical salaries	108,167
Clerical benefits	<u>55,446</u>
Total on-behalf payments by LaSalle County	<u>\$ 281,553</u>

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

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2014, the ROE adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 requires the ROE to recognize their long term obligation for pension benefits and more comprehensively and comparably measure the annual costs of those pension benefits. GASB Statement No. 71 requires the ROE to recognize a beginning deferred outflow of resources for employer pension contributions made subsequent to the measurement date of the beginning net pension liability but before the beginning of the ROE’s fiscal year. The ROE has restated its 2015 beginning net position for the change in accounting principle. A reconciliation of net position from the June 30, 2014 financial statements to beginning net position as reported on the June 30, 2015 financial statements is as follows:

	Governmental Activities	Business- Type Activities	Total
Beginning net position	\$ 678,057	\$ 144,589	\$ 822,646
Change in accounting principle for GASB 68 and 71	<u>65,199</u>	<u>7,581</u>	<u>72,780</u>
Beginning net position as restated	<u>\$ 743,256</u>	<u>\$ 152,170</u>	<u>\$ 895,426</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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

Calendar Year Ended December 31,	2014
A. Total pension liability	
Service Cost	\$ 31,000
Interest on the Total Pension Liability	82,384
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	26,333
Changes of assumptions	52,106
Benefit payments, including refunds of employee contributions	<u>(36,220)</u>
Net Change in Total Pension Liability	155,603
Total pension liability-beginning	<u>1,101,059</u>
Total pension liability-ending {A}	<u>\$ 1,256,662</u>
 B. Plan fiduciary net position	
Contributions-employer	\$ 23,944
Contributions-employee	10,807
Net investment income	181,588
Benefit payments, including refunds of employee contributions	(36,220)
Other (Net Transfer)	<u>(3,187)</u>
Net Change in plan fiduciary net position	176,932
Plan fiduciary net position-beginning	<u>1,188,815</u>
Plan fiduciary net position-ending {B}	<u>\$ 1,365,747</u>
 C. Net pension liability/(asset) {A-B}	<u>\$ (109,085)</u>
 D. Plan fiduciary net position as a percentage of the total pension liability	108.68%
 E. Covered Valuation payroll	\$ 240,162
 F. Net pension liability as a percentage of covered valuation payroll	(45.42%)

Notes to Schedule:

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$22,455	\$23,944	(\$1,489)	\$240,162	9.97%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 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 2014 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>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, 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 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
Fiscal Year 2015***

Employer's proportion of the net pension liability	.00002837%
Employer's proportionate share of the net pension liability	\$ 17,265
State's proportionate share of the net pension liability associated with the employer	1,076,632
Total	<u>\$ 1,093,897</u>
Employer's covered-employee payroll	\$ 174,512
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.9%
Plan fiduciary net position as a percentage of the total pension liability	43.0%
<i>* The amounts presented were determined as of the prior fiscal-year end.</i>	

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

	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 6,392	\$ 1,012
Contributions in relation to the contractually-required contribution	<u>6,392</u>	<u>1,028</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (16)</u>
Employer's covered-employee payroll	\$ 278,471	\$ 174,512
Contributions as a percentage of covered-employee payroll	2.3%	0.6%

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

SUPPLEMENTARY INFORMATION

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2015

SCHEDULE 1

	<u>General</u>	<u>RSSP Student</u>	<u>Title II - Teacher Quality (from Schools)</u>	<u>General State Aid</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 34,576	\$ 349	\$ 71,986	\$ 123,505	\$ 230,416
Investments	250,016	-	-	-	250,016
Prepaid expenses	981	-	-	866	1,847
Due from other funds	-	-	-	13,405	13,405
Due from other governmental units	-	7,350	-	896	8,246
TOTAL ASSETS	<u>\$ 285,573</u>	<u>\$ 7,699</u>	<u>\$ 71,986</u>	<u>\$ 138,672</u>	<u>\$ 503,930</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 11,650	\$ 11,650
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,650</u>	<u>11,650</u>
FUND BALANCES					
Nonspendable	981	-	-	866	1,847
Assigned	-	7,699	71,986	-	79,685
Unassigned	284,592	-	-	126,156	410,748
Total fund balances	<u>285,573</u>	<u>7,699</u>	<u>71,986</u>	<u>127,022</u>	<u>492,280</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 285,573</u>	<u>\$ 7,699</u>	<u>\$ 71,986</u>	<u>\$ 138,672</u>	<u>\$ 503,930</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE 2

	General	RSSP Student	Title II - Teacher Quality (from Schools)	General State Aid	Total
REVENUES					
State sources	\$ -	\$ -	\$ -	\$ 244,510	\$ 244,510
Local sources	6,000	67,200	29,315	-	102,515
Interest	1,857	-	-	557	2,414
	<u>7,857</u>	<u>67,200</u>	<u>29,315</u>	<u>245,067</u>	<u>349,439</u>
Total revenues	<u>7,857</u>	<u>67,200</u>	<u>29,315</u>	<u>245,067</u>	<u>349,439</u>
EXPENDITURES					
Salaries	-	52,000	-	186,874	238,874
Benefits	-	8,122	-	20,814	28,936
Pension expenditures	-	2,423	-	14,644	17,067
Purchased services	294	-	1,192	43,579	45,065
Supplies and materials	5,549	-	16	9,549	15,114
Miscellaneous	2,444	-	-	240	2,684
Payments to other governmental units	-	-	3,525	-	3,525
	<u>8,287</u>	<u>62,545</u>	<u>4,733</u>	<u>275,700</u>	<u>351,265</u>
Total expenditures	<u>8,287</u>	<u>62,545</u>	<u>4,733</u>	<u>275,700</u>	<u>351,265</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(430)	4,655	24,582	(30,633)	(1,826)
OTHER FINANCING USES					
Transfers out	-	-	(7,925)	(61)	(7,986)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					
	(430)	4,655	16,657	(30,694)	(9,812)
FUND BALANCES, BEGINNING OF YEAR					
	<u>286,003</u>	<u>3,044</u>	<u>55,329</u>	<u>157,716</u>	<u>502,092</u>
FUND BALANCES, END OF YEAR					
	<u>\$ 285,573</u>	<u>\$ 7,699</u>	<u>\$ 71,986</u>	<u>\$ 127,022</u>	<u>\$ 492,280</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2015

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	STEM Science	STEM Math	SSOS AIR Foundational Services	ROE/ISC Operations	WIA Youth Activities
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 9,921	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	-	3,987	-	2,447	6,971	-	-	-
TOTAL ASSETS	\$ -	\$ 3,987	\$ 9,921	\$ 2,447	\$ 6,971	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 9,921	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	3,987	-	2,447	6,971	-	-	-
Total liabilities	-	3,987	9,921	2,447	6,971	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 3,987	\$ 9,921	\$ 2,447	\$ 6,971	\$ -	\$ -	\$ -

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2015

	Learning Technology Center	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality Leadership	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 1,697	\$ 4,290	\$ 116	\$ -	\$ -	\$ 16,024
Due from other governmental units	-	-	-	-	-	-	13,405
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,697</u>	<u>\$ 4,290</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,429</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,921
Due to other funds	-	-	-	-	-	-	13,405
Total liabilities	-	-	-	-	-	-	23,326
FUND BALANCES							
Restricted	-	1,697	4,290	116	-	-	6,103
Total fund balances	-	1,697	4,290	116	-	-	6,103
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 1,697</u>	<u>\$ 4,290</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,429</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	STEM Science	STEM Math	SSOS AIR Foundational Services	ROE/ISC Operations	WIA - Youth Activities
REVENUES								
Federal sources	\$ 19,349	\$ -	\$ -	\$ 2,447	\$ 6,971	\$ 49,983	\$ -	\$ 18,158
State sources	-	68,513	176,085	-	-	-	66,060	-
Local sources	-	-	-	-	-	-	-	-
On-behalf payments	-	57,803	128,834	-	-	4,653	524,097	-
Total revenues	19,349	126,316	304,919	2,447	6,971	54,636	590,157	18,158
EXPENDITURES								
Salaries	4,800	55,524	106,770	1,680	1,510	40,013	46,043	16,932
Benefits	256	7,602	12,096	129	115	660	7,275	623
Pension expenditures	282	253	2,548	151	136	4,861	650	472
Purchased services	13,719	2,085	34,334	-	-	2,386	19,733	-
Supplies and materials	292	3,049	7,929	487	5,210	2,063	1,725	131
Capital outlay	-	-	12,409	-	-	-	1,004	-
Miscellaneous	-	-	-	-	-	-	575	-
On-behalf payments	-	57,803	128,834	-	-	4,653	524,097	-
Total expenditures	19,349	126,316	304,920	2,447	6,971	54,636	601,102	18,158
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1)	-	-	-	(10,945)	-
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	10,945	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	-	(1)	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	1	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Learning Technology Center	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality- Leadership	Total
REVENUES							
Federal sources	\$ -	\$ 9,931	\$ 17,226	\$ -	\$ 446	\$ 3,520	\$ 128,031
State sources	38,374	-	-	327	-	-	349,359
Local sources	2,692	-	-	-	-	-	2,692
On-behalf payments	-	-	-	-	-	-	715,387
Total revenues	<u>41,066</u>	<u>9,931</u>	<u>17,226</u>	<u>327</u>	<u>446</u>	<u>3,520</u>	<u>1,195,469</u>
EXPENDITURES							
Salaries	30,082	-	-	-	-	120	303,474
Benefits	2,302	-	-	-	-	-	31,058
Pension expenditures	5,691	-	-	-	-	-	15,044
Purchased services	2,991	8,852	15,227	861	-	3,400	103,588
Supplies and materials	-	-	-	-	446	-	21,332
Capital outlay	-	-	-	-	-	-	13,413
Miscellaneous	-	-	-	-	-	-	575
On-behalf payments	-	-	-	-	-	-	715,387
Total expenditures	<u>41,066</u>	<u>8,852</u>	<u>15,227</u>	<u>861</u>	<u>446</u>	<u>3,520</u>	<u>1,203,871</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,079	1,999	(534)	-	-	(8,402)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	-	10,945
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	1,079	1,999	(534)	-	-	2,543
FUND BALANCES, BEGINNING OF YEAR	-	618	2,291	650	-	-	3,560
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 1,697</u>	<u>\$ 4,290</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,103</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2015

	McKinney Education for Homeless Children			Regional Safe Schools			Truants Alternative Programs		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUE									
Federal sources	\$ 19,349	\$ 19,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	68,513	68,513	-	176,085	176,085	-
On-behalf payments	-	-	-	-	57,803	57,803	-	128,834	128,834
Total revenue	<u>19,349</u>	<u>19,349</u>	<u>-</u>	<u>68,513</u>	<u>126,316</u>	<u>57,803</u>	<u>176,085</u>	<u>304,919</u>	<u>128,834</u>
EXPENDITURES									
Salaries	4,800	4,800	-	55,423	55,524	(101)	105,194	106,770	(1,576)
Benefits	537	538	(1)	7,855	7,855	-	17,049	14,644	2,405
Purchased services	13,720	13,719	1	2,500	2,085	415	33,803	34,334	(531)
Supplies and materials	292	292	-	2,735	3,049	(314)	6,039	7,929	(1,890)
Capital outlay	-	-	-	-	-	-	14,000	12,409	1,591
Miscellaneous	-	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	57,803	(57,803)	-	128,834	(128,834)
Total expenditures	<u>19,349</u>	<u>19,349</u>	<u>-</u>	<u>68,513</u>	<u>126,316</u>	<u>(57,803)</u>	<u>176,085</u>	<u>304,920</u>	<u>(128,835)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
OTHER FINANCING SOURCES									
Transfers in	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	-	-	-	-	-	(1)	(1)
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-	-	1	1
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
EDUCATION FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	STEM Science			STEM Math			SSOS AIR Foundational Services		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUE									
Federal sources	\$ 250,000	\$ 2,447	\$ (247,553)	\$ 250,000	\$ 6,971	\$ (243,029)	\$ 82,532	\$ 49,983	\$ (32,549)
State sources	-	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-	-	4,653	4,653
Total revenue	<u>250,000</u>	<u>2,447</u>	<u>(247,553)</u>	<u>250,000</u>	<u>6,971</u>	<u>(243,029)</u>	<u>82,532</u>	<u>54,636</u>	<u>(27,896)</u>
EXPENDITURES									
Salaries	73,206	1,680	71,526	73,206	1,510	71,696	62,813	40,013	22,800
Benefits	20,716	280	20,436	20,716	251	20,465	8,991	5,521	3,470
Purchased services	139,981	-	139,981	122,623	-	122,623	8,665	2,386	6,279
Supplies and materials	16,097	487	15,610	33,455	5,210	28,245	2,063	2,063	-
Capital outlay	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-	-	4,653	(4,653)
Total expenditures	<u>250,000</u>	<u>2,447</u>	<u>247,553</u>	<u>250,000</u>	<u>6,971</u>	<u>243,029</u>	<u>82,532</u>	<u>54,636</u>	<u>27,896</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES									
Transfers in	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	-	-	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
EDUCATION FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	ROE/ISC Operations			Teacher Quality			Teacher Quality - Leadership		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUE									
Federal sources	\$ -	\$ -	\$ -	\$ 446	\$ 446	\$ -	\$ 3,520	\$ 3,520	\$ -
State sources	66,060	66,060	-	-	-	-	-	-	-
On-behalf payments	-	524,097	524,097	-	-	-	-	-	-
Total revenue	66,060	590,157	524,097	446	446	-	3,520	3,520	-
EXPENDITURES									
Salaries	44,000	46,043	(2,043)	-	-	-	120	120	-
Benefits	8,500	7,925	575	-	-	-	-	-	-
Purchased services	11,060	19,733	(8,673)	-	-	-	3,400	3,400	-
Supplies and materials	1,000	1,725	(725)	446	446	-	-	-	-
Capital outlay	1,000	1,004	(4)	-	-	-	-	-	-
Miscellaneous	500	575	(75)	-	-	-	-	-	-
On-behalf payments	-	524,097	(524,097)	-	-	-	-	-	-
Total expenditures	66,060	601,102	(535,042)	446	446	-	3,520	3,520	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>(10,945)</u>	<u>\$ (10,945)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES									
Transfers in		10,945			-			-	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-			-	
FUND BALANCE, BEGINNING OF YEAR		-			-			-	
FUND BALANCE, END OF YEAR	<u>\$ -</u>			<u>\$ -</u>			<u>\$ -</u>		

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	<u>General Educational Development</u>	<u>School Bus Driver Training</u>	<u>Annexation and Sales Petition</u>	<u>Regional Work Study Local Funding</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 16,247	\$ 4,271	\$ 2,871	\$ -	\$ 23,389
Investments	23,430	12,520	-	-	35,950
Accounts receivable	-	24	-	-	24
TOTAL ASSETS	<u>\$ 39,677</u>	<u>\$ 16,815</u>	<u>\$ 2,871</u>	<u>\$ -</u>	<u>\$ 59,363</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	<u>39,677</u>	<u>16,815</u>	<u>2,871</u>	<u>-</u>	<u>59,363</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,677</u>	<u>\$ 16,815</u>	<u>\$ 2,871</u>	<u>\$ -</u>	<u>\$ 59,363</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

SCHEDULE 7

	General Educational Development	School Bus Driver Training	Annexation and Sales Petition	Regional Work Study Local Funding	Total
REVENUES					
State sources	\$ -	\$ 1,191	\$ -	\$ -	\$ 1,191
Local sources	881	2,528	1,000	11,000	15,409
Interest	116	62	-	-	178
Total revenues	<u>997</u>	<u>3,781</u>	<u>1,000</u>	<u>11,000</u>	<u>16,778</u>
EXPENDITURES					
Salaries	-	-	-	10,843	10,843
Benefits	-	-	-	157	157
Purchased services	35	2,547	-	-	2,582
Supplies and materials	32	224	-	-	256
Total expenditures	<u>67</u>	<u>2,771</u>	<u>-</u>	<u>11,000</u>	<u>13,838</u>
EXCESS OF REVENUES OVER EXPENDITURES	930	1,010	1,000	-	2,940
FUND BALANCES, BEGINNING OF YEAR	<u>38,747</u>	<u>15,805</u>	<u>1,871</u>	<u>-</u>	<u>56,423</u>
FUND BALANCES, END OF YEAR	<u>\$ 39,677</u>	<u>\$ 16,815</u>	<u>\$ 2,871</u>	<u>\$ -</u>	<u>\$ 59,363</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Regional Safe School Meals</u>	<u>American College Testing Student Fees</u>	<u>Excellence in Education</u>	<u>School Improvement Coop Safety Net</u>	<u>Evaluation and Training</u>
ASSETS					
Cash and cash equivalents	\$ 5,894	\$ -	\$ 3,918	\$ 2,426	\$ 5,893
Investments	-	-	14,766	-	-
TOTAL ASSETS	<u>5,894</u>	<u>-</u>	<u>18,684</u>	<u>2,426</u>	<u>5,893</u>
LIABILITIES					
Accounts payable and accrued expenses	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Unrestricted	<u>\$ 5,894</u>	<u>\$ -</u>	<u>\$ 18,684</u>	<u>\$ 2,426</u>	<u>\$ 5,893</u>

SCHEDULE 8
(CONTINUED)

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,464	\$ 925	\$ 10,595	\$ 37,115
Investments	-	-	-	14,766
TOTAL ASSETS	<u>7,464</u>	<u>925</u>	<u>10,595</u>	<u>51,881</u>
LIABILITIES				
Accounts payable and accrued expenses	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Unrestricted	<u>\$ 7,464</u>	<u>\$ 925</u>	<u>\$ 10,595</u>	<u>\$ 51,881</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Regional Safe School Meals</u>	<u>American College Testing Student Fees</u>	<u>Excellence in Education</u>	<u>School Improvement Coop Safety Net</u>	<u>Evaluation and Training</u>
OPERATING REVENUE					
Fees for services	\$ 1,357	\$ -	\$ 17,403	\$ 1,725	\$ 3,000
OPERATING EXPENSES					
Salaries	-	-	-	300	1,425
Benefits	-	-	-	4	21
Purchased services	-	-	13,734	3	137
Supplies and materials	-	380	2,982	-	-
Total operating expenses	-	380	16,716	307	1,583
OPERATING INCOME (LOSS)	1,357	(380)	687	1,418	1,417
NONOPERATING REVENUE					
Interest	-	-	73	-	-
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,357	(380)	760	1,418	1,417
OPERATING TRANSFERS					
Transfers in	-	61	-	-	-
CHANGE IN NET POSITION	1,357	(319)	760	1,418	1,417
NET POSITION, BEGINNING OF YEAR	4,537	319	17,924	1,008	4,476
NET POSITION, END OF YEAR	<u>\$ 5,894</u>	<u>\$ -</u>	<u>\$ 18,684</u>	<u>\$ 2,426</u>	<u>\$ 5,893</u>

SCHEDULE 9
(CONTINUED)

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
OPERATING REVENUE				
Fees for services	\$ 3,400	\$ 3,436	\$ 9,506	\$ 39,827
OPERATING EXPENSES				
Salaries	-	-	10,416	12,141
Benefits	-	-	797	822
Purchased services	-	-	1,303	15,177
Supplies and materials	2,000	3,574	-	8,936
Total operating expenses	<u>2,000</u>	<u>3,574</u>	<u>12,516</u>	<u>37,076</u>
OPERATING INCOME (LOSS)	1,400	(138)	(3,010)	2,751
NONOPERATING REVENUE				
Interest	-	-	-	73
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,400	(138)	(3,010)	2,824
OPERATING TRANSFERS				
Transfers in	-	-	-	61
CHANGE IN NET POSITION	1,400	(138)	(3,010)	2,885
NET POSITION, BEGINNING OF YEAR	<u>6,064</u>	<u>1,063</u>	<u>13,605</u>	<u>48,996</u>
NET POSITION, END OF YEAR	<u>\$ 7,464</u>	<u>\$ 925</u>	<u>\$ 10,595</u>	<u>\$ 51,881</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE 10

	<u>Regional Safe School Meals</u>	<u>American College Testing Student Fees</u>	<u>Excellence in Education</u>	<u>School Improvement Coop Safety Net</u>	<u>Evaluation and Training</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 1,481	\$ -	\$ 17,403	\$ 2,725	\$ 3,000
Payments to employees	-	-	-	(300)	(1,425)
Payments to suppliers	-	-	(16,716)	(7)	(158)
Net cash provided by (used in) operating activities	<u>1,481</u>	<u>-</u>	<u>687</u>	<u>2,418</u>	<u>1,417</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:					
Repayments of loans from other funds	-	(61)	-	-	-
Transfers in	-	61	-	-	-
Net cash used in non capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of investments	-	-	(73)	-	-
Interest	-	-	73	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,481	-	687	2,418	1,417
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,413</u>	<u>-</u>	<u>3,231</u>	<u>8</u>	<u>4,476</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,894</u>	<u>\$ -</u>	<u>\$ 3,918</u>	<u>\$ 2,426</u>	<u>\$ 5,893</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,357	\$ (380)	\$ 687	\$ 1,418	\$ 1,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets and liabilities:					
Accounts receivable	124	-	-	-	-
Prepaid expenses	-	380	-	-	-
Due from other governmental units	-	-	-	1,000	-
Accounts payable and accrued expenses	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,481</u>	<u>\$ -</u>	<u>\$ 687</u>	<u>\$ 2,418</u>	<u>\$ 1,417</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE 10
(CONTINUED)**

	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 3,400	\$ 3,436	\$ 10,254	\$ 41,699
Payments to employees	-	-	(10,416)	(12,141)
Payments to suppliers	(2,000)	(3,574)	(3,094)	(25,549)
Net cash provided by (used in) operating activities	<u>1,400</u>	<u>(138)</u>	<u>(3,256)</u>	<u>4,009</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:				
Repayments of loans from other funds	-	-	-	(61)
Transfers in	-	-	-	61
Net cash used in non capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of investments	-	-	-	(73)
Interest	-	-	-	73
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,400	(138)	(3,256)	4,009
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,064</u>	<u>1,063</u>	<u>13,851</u>	<u>33,106</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,464</u>	<u>\$ 925</u>	<u>\$ 10,595</u>	<u>\$ 37,115</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,400	\$ (138)	\$ (3,010)	\$ 2,751
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Effects of changes in assets and liabilities:				
Accounts receivable	-	-	748	872
Prepaid expenses	-	-	-	380
Due from other governmental units	-	-	-	1,000
Accounts payable and accrued expenses	-	-	(994)	(994)
Net cash provided by (used in) operating activities	<u>\$ 1,400</u>	<u>\$ (138)</u>	<u>\$ (3,256)</u>	<u>\$ 4,009</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

SCHEDULE 11

	<u>Distributive</u>	<u>Payroll</u>	<u>MPW'S ROE/ISC Operations Grant</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 12	\$ 898	\$ -	\$ 910
LIABILITIES				
Due to other governmental units	\$ 12	\$ 898	\$ -	\$ 910

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FIDUCIARY FUNDS**

SCHEDULE 12

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 21	\$ 5,068,026	\$ 5,068,035	\$ 12
LIABILITIES				
Due to other governmental units	\$ 21	\$ 5,068,026	\$ 5,068,035	\$ 12
PAYROLL				
ASSETS				
Cash and cash equivalents	2	739,836	738,940	898
LIABILITIES				
Due to other governmental units	2	739,836	738,940	898
MPW'S ROE/ISC OPERATIONS GRANT				
ASSETS				
Cash and cash equivalents	-	49,990	49,990	-
LIABILITIES				
Due to other governmental units	-	49,990	49,990	-
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 23	\$ 5,857,852	\$ 5,856,965	\$ 910
LIABILITIES				
Due to other governmental units	\$ 23	\$ 5,857,852	\$ 5,856,965	\$ 910

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2015

Program	Code	LaSalle County ROE	LEASE	L-P Area Voc. Center	Grand Total
General State Aid	3001	\$ 244,510	\$ -	\$ -	\$ 244,510
Special Ed. - Personnel	3110	-	273,295	-	273,295
State Free Lunch & Breakfast	3360	409	271	-	680
Transportation - Regular and Vocational	3500	-	-	10,684	10,684
ROE School Bus Driver Training	3520	1,191	-	-	1,191
Truants Alternative/Optional Ed.	3695	188,532	-	-	188,532
Regional Safe Schools	3696	70,395	-	-	70,395
ROE/ISC Operations	3730	66,060	-	-	66,060
National School Lunch Program	4210	17,379	11,126	-	28,505
School Breakfast Program	4220	10,029	7,140	-	17,169
Fresh Fruits and Vegetables	4240	-	947	-	947
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	137,273	-	137,273
Fed - Sp. Ed -IDEA - Flow through	4620	-	4,024,808	-	4,024,808
Title II - Teacher Quality	4932	446	-	-	446
Title II-Teacher Quality Leadership	4935	3,520	-	-	3,520
Interest Income	8801	20	-	-	20
TOTAL		\$ 602,491	\$ 4,454,860	\$ 10,684	\$ 5,068,035