

**STATE OF ILLINOIS  
IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**FINANCIAL AUDIT  
(In Accordance with the Uniform Guidance)  
For the year ended June 30, 2016**

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

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**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

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**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**OFFICIALS**

Regional Superintendent  
(Current and during the audit period) ..... Dr. Gregg Murphy

Assistant Regional Superintendent  
(Current and during the audit period) ..... Mr. Frank Petkunas

Office is located at:

1 Stuart Drive  
Kankakee, Illinois 60901

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

The auditors' reports on compliance and internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	-

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2016-001	14	Controls over Financial Statement Preparation	Material Weakness
2016-002	17	Salaries and Benefits Not Supported by Proper Documentation	Material Weakness and Noncompliance

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

2016-002	17	Salaries and Benefits Not Supported by Proper Documentation	Material Weakness and Noncompliance
2016-003	19	Subrecipient Monitoring Documentation	Significant Deficiency and Noncompliance

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior findings not repeated.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

2015-002	25	Internal Controls over Federal Grant Reporting	
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**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMPLIANCE REPORT SUMMARY (Concluded)**

**EXIT CONFERENCE**

The Iroquois and Kankakee Counties Regional Office of Education No. 32 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report. Responses to the recommendations were provided by Gregg Murphy, Regional Superintendent on December 5, 2016 and July 12, 2017.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Iroquois and Kankakee Counties Regional Office of Education No. 32 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Iroquois and Kankakee Counties Regional Office of Education No. 32's basic financial statements.

MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE  
DAVID W. FALLER

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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 Iroquois and Kankakee Counties Regional Office of Education No. 32, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 Iroquois and Kankakee Counties Regional Office of Education No. 32, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 26a-26g, Illinois Municipal Retirement Fund - Schedules of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedules of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, and Post Employment Benefits Other Than Pensions – Schedule of Funding Progress on pages 74 - 79 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 Iroquois and Kankakee Counties Regional Office of Education No. 32's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2017, on our consideration of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois

July 25, 2017

MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
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**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***

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iroquois and Kankakee Counties Regional Office of Education No. 32, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Iroquois and Kankakee Counties Regional Office of Education No. 32's basic financial statements, and have issued our report thereon dated July 25, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as findings 2016-001 and 2016-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 an instance of noncompliance or an other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2016-002.

### **Iroquois and Kankakee Counties Regional Office of Education No. 32's Responses to the Findings**

The Iroquois and Kankakee Counties Regional Office of Education No. 32's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iroquois and Kankakee Counties Regional Office of Education No. 32's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois

July 25, 2017

MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on Compliance for Each Major Federal Program**

We have audited Iroquois and Kankakee Counties Regional Office of Education No. 32's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Iroquois and Kankakee Counties Regional Office of Education No. 32's major federal program for the year ended June 30, 2016. The Iroquois and Kankakee Counties Regional Office of Education No. 32's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Iroquois and Kankakee Counties Regional Office of Education No. 32's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Iroquois and Kankakee Counties Regional Office of Education No. 32's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Iroquois and Kankakee Counties Regional Office of Education No. 32's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Iroquois and Kankakee Counties Regional Office of Education No. 32 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 2016-002 and 2016-003. Our opinion on the major federal program is not modified with respect to these matters.

Iroquois and Kankakee Counties Regional Office of Education No. 32's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iroquois and Kankakee Counties Regional Office of Education No. 32's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of Iroquois and Kankakee Counties Regional Office of Education No. 32 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2016-002 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2016-003 to be a significant deficiency.

Iroquois and Kankakee Counties Regional Office of Education No. 32's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iroquois and Kankakee Counties Regional Office of Education No. 32's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

**SIGNED ORIGINAL ON FILE**

Mattoon, Illinois

July 25, 2017

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION I – SUMMARY OF AUDITORS' RESULTS  
For the year ended June 30, 2016**

**Financial statements in accordance with GAAP**

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  X  yes   no

**Federal Awards**

Internal control over major federal programs:

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

Type of auditors' report issued on compliance for major federal programs: UNMODIFIED

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.010A	System of Support Title I - School Improvement and Accountability

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

Auditee qualified as a low-risk auditee   yes  X  no

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-001 – Controls over Financial Statement Preparation** (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, and 15-001)

**Criteria/Specific Requirement:**

The Iroquois and Kankakee Counties Regional Office of Education No. 32 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education No. 32's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

**Condition:**

The Regional Office of Education No. 32 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 32 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 32 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP basis financial statements and the Schedule of Expenditures of Federal Awards 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.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-001 – Controls over Financial Statement Preparation** (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, and 15-001) (Continued)

**Condition:** (Concluded)

During review of the financial information prepared by the Regional Office of Education No. 32, it was noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable or unavailable revenue. While the Regional Office did maintain records to indicate the balances of some accounts receivable and unavailable revenue, not all entries were provided to properly report Regional Office of Education No. 32's activity, such as posting grant receivables and unavailable county revenue. Audit adjustments were proposed in order to provide reasonable assurance the financial statement balances were in accordance with GAAP.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the Regional Office of Education No. 32 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 Regional Office of Education No. 32 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to Regional Office of Education No. 32 management, fiscal staff did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP.

Additionally, the complex requirements of GASB Statements No. 68 and 71 were new for fiscal year 2015 and new additions for fiscal year 2016 will require additional time and training before the Regional Office can fully implement the requirements on its own.

**Auditors' Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education No. 32 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 Regional Office of Education No. 32's activities and operations.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-001 – Controls over Financial Statement Preparation** (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, and 15-001) (Concluded)

**Management's Response:**

In an attempt to correct this finding, the Regional Office will send its fiscal staff to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-002 – Salaries and Benefits Not Supported by Proper Documentation**

Federal Program Name: Title I School Improvement and Accountability  
Project Number: 16-4331-SS  
CFDA Number: 84.010A  
Passed Through: Illinois State Board of Education  
Federal Agency: U.S. Department of Education

**Criteria/Specific Requirement:**

For fiscal year 2016, the *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Iroquois and Kankakee Counties Regional Office of Education No. 32 (Regional Office). The Uniform Guidance (2 CFR 200.430) requires charges for salaries and benefits to be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. It also requires that records are used to support the distribution of employees' salaries and benefits among specific activities if the employee works on other programs or activities in addition to a federal award program. It further states that budget estimates alone do not qualify as support for salary and benefit charges to a federal award.

**Condition:**

The Regional Office did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. Instead, the supervisory staff estimated time requirements of subordinate staff and monitored and directed the activities of the staff. The supervisory staff then reassessed the time requirements on multiple occasions throughout the year. At the time of reassessment, supervisory staff analyzed work reflectively and prospectively to allocate time. Supervisory staff did not have written documentation of the assessment of time and effort.

**Questioned Costs:**

\$79,424

**Context:**

Salary and benefits charged to the Title I School Improvement and Accountability program during fiscal year 2016 totaled \$202,672.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-002 – Salaries and Benefits Not Supported by Proper Documentation** (Concluded)

**Effect:**

Since time and effort documentation was not used to allocate the salary and benefit costs of certain employees, there is an increased risk the salary and benefit costs charged to the Title I School Improvement and Accountability program does not reflect the actual time worked on the program.

**Cause:**

The Regional Office was unaware that the procedures to have supervisory staff direct the time and effort of subordinate staff did not meet the requirements of the Uniform Guidance for individuals working on other programs or activities in addition to a federal award program.

**Auditors' Recommendation:**

We recommend the Regional Office use time and effort documentation to distribute salary and benefit costs for employees who work on all federal grants, including the Title I School Improvement and Accountability program, as well as other activities in accordance with 2 CFR 200.430.

**Management's Response:**

The Regional Office of Education utilized a practice of having supervisory staff direct the time and effort of subordinate staff. The supervisory staff then periodically made modifications to the payroll allocations as to tasks and effort required. Employees were not asked to document their time and effort. Moving forward, employees will be asked to use a standard time and effort document to document their time.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-003 – Subrecipient Monitoring Documentation**

Federal Program Name: Title I School Improvement and Accountability  
Project Number: 16-4331-SS  
CFDA Number: 84.010A  
Passed Through: Illinois State Board of Education  
Federal Agency: U.S. Department of Education

**Criteria/Specific Requirement:**

For fiscal year 2016, the *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Iroquois and Kankakee Counties Regional Office of Education No. 32 (Regional Office). The Uniform Guidance (2 CFR 200.415(a)) requires the Regional Office to provide a specific certification to funding agencies on all annual and final fiscal reports or vouchers requesting payment and, conversely, requires the Regional Office to obtain such certification from its subrecipients.

The Uniform Guidance (2 CFR 200.331(b)) also requires the Regional Office to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

**Condition:**

During our audit, we noted the Regional Office was providing the certification to the Illinois State Board of Education, the funding agency for Title I School Improvement and Accountability, when required. However, we noted that the certification was not obtained from the subrecipients of this program.

We also noted that although the Regional Office assesses risk of noncompliance as high for subrecipients of its Title I School Improvement and Accountability program and has procedures to monitor such subrecipients based on that assessment, there is no formal documentation of the assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

**Questioned Costs:**

None

**Context:**

The Regional Office passed through \$195,206 of federal funding to four different subrecipients of the Title I School Improvement and Accountability program.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the year ended June 30, 2016**

**Finding No. 2016-003 – Subrecipient Monitoring Documentation** (Concluded)

**Effect:**

By not obtaining the required certification from subrecipients and not performing a formal documented risk assessment of the subrecipients, the risk of expenditures being improper and not in accordance with the terms and conditions of the federal award and approved budgets is increased. However, this is partially mitigated with the Regional Office’s monitoring procedures, requiring back-up documentation for every expenditure reimbursed under the Title I School Improvement and Accountability program.

**Cause:**

The Regional Office was unaware the certification signed on the on-line grant management system (I-WAS) for the approval of the subrecipients’ budgets did not meet the requirements of the certification.

The Regional Office did not find a tool to adequately assess the risk of each of the subrecipients. As a result of not having a tool, the I-KAN Regional Office of Education treated each subrecipient as a “high risk subrecipient.”

**Auditors' Recommendation:**

We recommend that the Regional Office develop policies and procedures to ensure all annual and final fiscal reports or vouchers requesting payment received from subrecipients of federal awards include the certification required by 2 CFR 200.415(a). We also recommend that the Regional Office formalize, in writing, its subrecipient risk assessment procedures as required and described in 2 CFR 200.331(b).

**Management's Response:**

The Regional Office of Education did not obtain a certification from subrecipients beyond certifications that were required when subrecipients submitted budgets for approval in the IWAS system. Additionally, the Regional Office did not find a tool to adequately assess the risk of each of the subrecipients. As a result of not having a tool, the I-KAN Regional Office of Education treated each subrecipient as a high risk subrecipient. As a high risk subrecipient, the procedures in place required back-up documentation for every reimbursed expenditure, showing that the expenditure was appropriate and allowable under the terms and conditions of the federal award. Procedures included the requirement of documentation in the State-wide Evaluation System, the State-wide Service Tracking System and the subrecipient’s financial management system. These procedures of review mitigate the risk inherent with the lack of a signed certification. To address this finding, written procedures will be modified and procedures will be implemented to ensure subrecipients sign the certification required by 2 CFR 200.415(a) and subrecipient risk is assessed as described in 2 CFR 200.331(b).

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the year ended June 30, 2016**

**Instances of Noncompliance:**

Finding 2016-002 – Salaries and Benefits Not Supported by Proper Documentation (finding details on page 17)

Finding 2016-003 – Subrecipient Monitoring Documentation (finding details on page 19)

**Significant Deficiencies:**

Finding 2016-003 – Subrecipient Monitoring Documentation (finding details on page 19)

**Material Weaknesses:**

Finding 2016-002 – Salaries and Benefits Not Supported by Proper Documentation (finding details on page 17)

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2016**

**Corrective Action Plan**

**Finding No. 2016-001 – Controls Over Financial Statement Preparation** (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, and 15-001)

**Condition:**

The Regional Office of Education No. 32 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 32 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 32 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP basis financial statements and the Schedule of Expenditures of Federal Awards for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the financial information prepared by the Regional Office of Education No. 32, it was noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable or unavailable revenue. While the Regional Office did maintain records to indicate the balances of some accounts receivable and unavailable revenue, not all entries were provided to properly report Regional Office of Education No. 32's activity, such as posting grant receivables and unavailable county revenue. Audit adjustments were proposed in order to provide reasonable assurance the financial statement balances were in accordance with GAAP.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the Regional Office of Education No. 32 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 Regional Office will send its fiscal staff to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

**Anticipated Date Of Completion:**

June 30, 2017

**Name Of Contact Person:**

Dr. Gregg Murphy, Regional Superintendent

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2016**

**Corrective Action Plan** (Continued)

**Finding No. 2016-002 – Salaries and Benefits Not Supported by Proper Documentation**

Federal Program Name: Title I School Improvement and Accountability

Project Number: 16-4331-SS

CFDA Number: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

**Condition:**

The Regional Office did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. Instead, the supervisory staff estimated time requirements of subordinate staff and monitored and directed the activities of the staff. The supervisory staff then reassessed the time requirements on multiple occasions throughout the year. At the time of reassessment, supervisory staff analyzed work reflectively and prospectively to allocate time. Supervisory staff did not have written documentation of the assessment of time and effort.

**Plan:**

Moving forward, employees will be asked to use a standard time and effort document to document their time.

**Anticipated Date Of Completion:**

Practice is changed and new procedures are enacted upon notification of this finding by the auditors on June 21, 2017.

**Name Of Contact Person:**

Dr. Gregg Murphy, Regional Superintendent

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2016**

**Corrective Action Plan** (Concluded)

**Finding No. 2016-003 – Subrecipient Monitoring Documentation**

Federal Program Name: Title I School Improvement and Accountability

Project Number: 16-4331-SS

CFDA Number: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

**Condition:**

During our audit, we noted the Regional Office was providing the certification to the Illinois State Board of Education, the funding agency for Title I School Improvement and Accountability, when required. However, we noted that the certification was not obtained from the subrecipients of this program.

We also noted that although the Regional Office assesses risk of noncompliance as high for subrecipients of its Title I School Improvement and Accountability program and has procedures to monitor such subrecipients based on that assessment, there is no formal documentation of the assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

**Plan:**

The Regional Office will formalize, in writing, its subrecipient risk assessment procedures as required and described in 2 CFR 200.331(b). A financial assessment tool will be utilized to assess subrecipients during FY17. The Regional Office will develop policies and procedures to ensure all annual and final fiscal reports or vouchers requesting payment received from subrecipients of federal awards include the certification required by 2 CFR 200.415(a). The Regional Office will require all subrecipients to submit a signed certification compliant with Uniform Guidance (2 CFR 200.415(a)).

**Anticipated Date Of Completion:**

Practice is changed and new procedures are enacted upon notification of this finding by the auditors on June 21, 2017.

**Name Of Contact Person:**

Dr. Gregg Murphy, Regional Superintendent

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2016**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	Controls Over Financial Statement Preparation	Repeated
2015-002	Internal Controls Over Federal Grant Reporting	Not Repeated

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

The Iroquois and Kankakee Counties Regional Office of Education No. 32 (Regional Office) 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, 2016 with comparative information for the year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Regional Office's financial statements, which follow.

**2016 Financial Highlights**

Within the Governmental Funds, the General Fund revenue decreased by \$49,837 (3%), from \$1,494,860 in FY2015 to \$1,445,023 in FY2016. General Fund expenditures decreased by \$220,768 (15%), from \$1,453,371 in FY2015 to \$1,232,603 in FY2016. The decrease in revenue was due primarily to a decrease in General State Aid and County Revenue. The decrease in expenditures is mainly due to reduced salaries and benefits in general programs.

Within the Governmental Funds, the Education Fund revenue increased by \$512,135 (34%) from \$1,493,079 in FY2015 to \$2,005,214 in FY2016. The Education Fund expenditures increased by \$515,296 (34%), from \$1,522,338 in FY2015 to \$2,037,634 in FY2016. These increases were due to increased federal and State funding for various educational programs in FY2016.

Proprietary Funds revenue decreased by \$18,715 (5%), from \$405,990 in FY2015 to \$387,275 in FY2016. The Proprietary Funds expenditures decreased by \$8,388 (3%), from \$324,179 in FY2015 to \$315,791 in FY2016. Revenues and expenses remained nearly equivalent to previous years.

**Using This Annual Report**

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

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**Reporting the Regional Office of Education No. 32 as a Whole**

It is important to note that many grants (Title I School Improvement and Accountability System of Support, McKinney Vento Education for Homeless Children, etc.) are cooperative efforts of the Regional Office of Education No. 32 and other Regional Offices in Area IV. Therefore, these figures may reflect grants that are intended to serve Iroquois and Kankakee Counties only and also grants that serve Regional Offices of Education No. 9, No. 11, No. 17, No. 39 and No. 54.

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

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

The two government-wide statements report the Regional Office's net position and how it has changed. Net position – the difference between the assets and liabilities – is one way to measure the Regional Office's financial health or position.

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

We divide the Regional Office's activities into three broad types:

Regulatory Activities - Supported primarily by the funds of Kankakee County and Iroquois County governments through a ratified Joint Agreement effectuated in 1995. The activities include, but are not limited to, Teacher/Administrator Certification, Health/Life Safety Inspections of school facilities, General Educational Development Administration, Bus Driver Training, etc. as prescribed in the Illinois School Code, Articles 3 and 3A.

Service Activities - Supported primarily through funds appropriated by the Illinois General Assembly and distributed to the Regional Office through the Illinois State Board of Education and through locally generated fees for service. The activities include assisting schools in all areas of school improvement, including staff development opportunities for teachers and administrators, etc. as prescribed in 105 ILCS 5/2-3.62.

Ombudsman Activities - Supported through various competitive grants and/or entitlements from various State and federal government agencies and including private trusts/contributions. The activities supported include, but are not limited to, truancy prevention efforts, drug prevention efforts, attention to homeless children and families, out-of-school time programming, provision of education for multi-suspended or potentially expelled students, etc.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**Fund Financial Statements**

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

The Office has three kinds of funds:

- (1) Governmental Funds account for most of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The Regional Office's governmental funds include: the General Fund and the Special Revenue Funds. The governmental funds' required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (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, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.
- (3) Fiduciary Funds account for assets held by the Regional Office in a trust capacity or as a fiscal 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.

A summary reconciliation between the Government-wide Financial Statements and the Fund Financial Statements are included after each Fund Financial Statement.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of FY2016 and FY2015 totaled \$3,010,885 and \$2,366,720, respectively. The analysis that follows provides a summary of the Regional Office's net position as of June 30, 2016 and 2015.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**CONDENSED STATEMENT OF NET POSITION  
June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>						
Current assets	\$2,789,348	\$2,455,260	\$1,905,265	\$1,813,746	\$4,694,613	\$4,269,006
Capital assets, net of depreciation	!	!	!	!	!	!
<b>TOTAL ASSETS</b>	<u>2,789,348</u>	<u>2,455,260</u>	<u>1,905,265</u>	<u>1,813,746</u>	<u>4,694,613</u>	<u>4,269,006</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>584,678</u>	<u>324,107</u>	<u>39,657</u>	<u>36,447</u>	<u>624,335</u>	<u>360,554</u>
<b>LIABILITIES</b>						
Current liabilities	100,978	64,251	32,813	4,672	133,791	68,923
Noncurrent liabilities	<u>927,604</u>	<u>576,273</u>	<u>55,564</u>	<u>51,867</u>	<u>983,168</u>	<u>628,140</u>
<b>TOTAL LIABILITIES</b>	<u>1,028,582</u>	<u>640,524</u>	<u>88,377</u>	<u>56,539</u>	<u>1,116,959</u>	<u>697,063</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>1,191,104</u>	<u>1,565,777</u>	<u>-</u>	<u>-</u>	<u>1,191,104</u>	<u>1,565,777</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	!	!	!	!	!	!
Restricted - other	320,975	233,030	!	!	320,975	233,030
Unrestricted	<u>833,365</u>	<u>340,036</u>	<u>1,856,545</u>	<u>1,793,654</u>	<u>2,689,910</u>	<u>2,133,690</u>
<b>TOTAL NET POSITION</b>	<u>\$1,154,340</u>	<u>\$573,066</u>	<u>\$1,856,545</u>	<u>\$1,793,654</u>	<u>\$3,010,885</u>	<u>\$2,366,720</u>

The Regional Office's net position increased by \$644,165 (27%) from FY2015 to FY2016. The increase is primarily due to the Regional Office's implementation of GASB #68 during FY 2015 and consequent recognition of deferred outflows of resources, deferred inflows of resources, net pension liability, and a prior period adjustment decreasing beginning net position in FY2015.

The following analysis shows the changes in net position for the years ended June 30, 2016 and 2015.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**CHANGES IN NET POSITION  
For the Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ !	\$ 58,231	\$ 378,080	\$ 402,238	\$ 378,080	\$ 460,469
Operating grants and contributions	2,877,925	1,528,851	!	!	2,877,925	1,528,851
General revenues:						
Local and state sources	402,367	1,252,659	!	!	402,367	1,252,659
Interest income	4,937	4,657	3,886	3,752	8,823	8,409
Pension benefit	152,111	232,278	5,309	!	157,420	232,278
On-behalf payments	553,696	531,169	!	!	553,696	531,169
Total revenues	<u>3,991,036</u>	<u>3,607,845</u>	<u>387,275</u>	<u>405,990</u>	<u>4,378,311</u>	<u>4,013,835</u>
Expenses:						
Salaries	1,517,515	1,577,375	93,295	120,738	1,610,810	1,698,113
Employee benefits	166,117	201,870	13,711	17,962	179,828	219,832
Pension expense	!	!	14,464	15,981	14,464	15,981
Purchased services	652,971	425,013	171,508	144,210	824,479	569,223
Supplies and materials	126,382	223,102	21,156	21,141	147,538	244,243
Capital outlay	!	9,665	!	!	!	9,665
Payments to other governmental units	396,232	191,715	!	!	396,232	191,715
Other	5,442	2,524	1,657	4,147	7,099	6,671
On-behalf payments	553,696	531,169	!	!	553,696	531,169
Total expenses	<u>3,418,355</u>	<u>3,162,433</u>	<u>315,791</u>	<u>324,179</u>	<u>3,734,146</u>	<u>3,486,612</u>
Income (loss) before operating transfers	572,681	445,412	71,484	81,811	644,165	527,223
Operating transfers	8,593	106	(8,593)	(106)	!	!
Change in net position	581,274	445,518	62,891	81,705	644,165	527,223
Net position, beginning (restated for FY15)	<u>573,066</u>	<u>127,548</u>	<u>1,793,654</u>	<u>1,711,949</u>	<u>2,366,720</u>	<u>1,839,497</u>
Net position, ending	<u>\$ 1,154,340</u>	<u>\$ 573,066</u>	<u>\$ 1,856,545</u>	<u>\$ 1,793,654</u>	<u>\$ 3,010,885</u>	<u>\$ 2,366,720</u>

**Governmental Activities**

Revenues from governmental fund activities were \$3,991,036 in FY2016 and expenses were \$3,418,355. Governmental revenues increased by \$383,191 (11%) and expenses increased by \$255,922 (8%). Both revenue and expenses experienced similar increases in FY16.

**Business-Type Activities**

Revenues from business-type activities were \$387,275 and expenditures were \$315,791 in FY2016. Revenues decreased by \$18,715 (5%) and expenses decreased by \$8,388 (3%). The decrease in proprietary revenue was primarily due to decreases in all enterprise funds. Expenses decreased primarily due to a decrease in salaries.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**Financial Analysis of the Regional Office of Education No. 32 Funds**

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$2,394,475 at June 30, 2016. This is an increase of \$224,594 over the June 30, 2015 fund balances of \$2,169,881.

**Governmental Fund Highlights**

- Federal funding for the Regional Office of Education increased significantly from 2015. The overall increase by approximately \$450,000 was partially due to Math/Science, Drug Free Communities, and Strategic Prevention Framework-Partnership for Success and System of Support funding increases.
- State funding recognized as revenue in FY16 was nearly equal to FY15, but due to the state budget impasse there is an increase of approximately \$40,000 of unavailable revenue in the education fund.

**Proprietary Fund Highlights**

Proprietary Funds were managed in a way that kept expenses less than revenue and increased net position by \$62,891.

**Fiduciary Fund Highlights**

There was an increase of \$209,335 (3,708%) in total fiduciary fund assets from FY2015 to FY2016. Transactions represent mainly transfers in and out of the Distributive Fund for disbursements to school district treasurers and other entities. The primary reason for the increase is the delay in payments received from the Illinois State Board of Education as a result of the budget impasse in the Illinois State government.

**Budgetary Highlights**

The Regional Office annually adopts budgets for several funds. Budgets for the General Fund and Special Revenue Fund Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares a County Support Budget and submits it to the two County Boards for their approval. The County Support Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. These fiscal years vary by design of the grants. The budgets may be amended during the year utilizing procedures prescribed by the granting agency.

**Capital Assets**

The Regional Office's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. There were no additions in FY2016, and there were no disposals. All capital assets are fully depreciated. There was no depreciation expense in FY2016. As of June 30, 2016, the Regional Office's capital assets remain in use.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016**

**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 condition in the future:

- State funding of the Regional Offices of Education School Services program has a slight increase for FY17.
- General State Aid has increased for Students All Learning Together and increased for Regional Alternative Attendance Center programs for FY17 (7%).
- Regional Safe School Program (RSSP) and Truants Alternative/Optional Education Program (TAOEP) grants are expected to remain at FY16 levels.
- Core services for the Title I School Improvement and Accountability Statewide System of Support (SSoS) remains under the direction of the Illinois Center for School Improvement with coaching services and foundational services provided by the Regional Office. The FY2017 grant budget includes approximately a \$101,865 increase from FY2016 revenue.
- The DHS Substance Abuse Prevention Program (SAPP) is expected to have a slight increase in funding for FY17, with the addition of \$75,000 in grant funds for the Strategic Prevention Framework Partnerships for Success (SPF PFS). TEEN Reach will be funded for 8 months for FY17.
- Title II Teacher Quality Grant will continue in FY17.
- Math and Science Partnership grant was awarded to the Regional Office for FY16 for \$250,000 and again for \$250,000 for FY17.
- County Support has decreased by 25% in the past years and is expected to remain level in FY17.
- The Rural Education Achievement Program (REAP) will not be funded in FY17.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and 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 or the Finance Office Administrator I of the Iroquois-Kankakee Regional Office of Education No. 32, 1 Stuart Drive, Kankakee, IL 60901.

## **BASIC FINANCIAL STATEMENTS**

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF NET POSITION  
June 30, 2016**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,188,158	\$ 1,888,839	\$ 4,076,997
Due from other governments	601,190	16,426	617,616
Total assets	2,789,348	1,905,265	4,694,613
Deferred outflows of resources:			
Deferred outflows related to pensions	584,678	39,657	624,335
Liabilities:			
Current liabilities:			
Accounts payable	28,957	417	29,374
Due to other governments	70,596	20,396	90,992
Unearned revenue	1,425	12,000	13,425
Total current liabilities	100,978	32,813	133,791
Noncurrent liabilities:			
Other post-employment benefit obligation	37,923	-	37,923
Net pension liability	889,681	55,564	945,245
Total noncurrent liabilities	927,604	55,564	983,168
Total liabilities	1,028,582	88,377	1,116,959
Deferred inflows of resources:			
Deferred inflows related to pensions	1,191,104	-	1,191,104
Net position:			
Restricted	320,975	-	320,975
Unrestricted	833,365	1,856,545	2,689,910
Total net position	\$ 1,154,340	\$ 1,856,545	\$ 3,010,885

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2016**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government						
Governmental activities:						
Instructional services:						
Salaries	\$ 1,517,515	\$ -	\$ 1,524,543	\$ 7,028	\$ -	\$ 7,028
Employee benefits	166,117	-	166,886	769	-	769
Purchased services	652,971	-	655,995	3,024	-	3,024
Supplies and materials	126,382	-	126,967	585	-	585
Other	5,442	-	5,467	25	-	25
Payments to other governmental units	396,232	-	398,067	1,835	-	1,835
Administrative:						
On-behalf payments - State	553,696	-	-	(553,696)	-	(553,696)
Total governmental activities	3,418,355	-	2,877,925	(540,430)	-	(540,430)
Business-type activities:						
Professional development	315,791	378,080	-	-	62,289	62,289
Total primary government	\$ 3,734,146	\$ 378,080	\$ 2,877,925	(540,430)	62,289	(478,141)
General revenues and transfers:						
Local sources				402,367	-	402,367
On-behalf payments - State				553,696	-	553,696
Interest				4,937	3,886	8,823
Pension benefit				152,111	5,309	157,420
Transfers				8,593	(8,593)	-
Total general revenues and transfers				1,121,704	602	1,122,306
Change in net position				581,274	62,891	644,165
Net position - beginning of year				573,066	1,793,654	2,366,720
Net position - end of year				\$ 1,154,340	\$ 1,856,545	\$ 3,010,885

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,867,266	\$ 53,281	\$ 267,611	\$ -	\$ 2,188,158
Due from other funds	258,044	-	-	(258,044)	-
Due from other governments	245,398	354,176	1,616	-	601,190
<b>Total assets</b>	<b><u>\$ 2,370,708</u></b>	<b><u>\$ 407,457</u></b>	<b><u>\$ 269,227</u></b>	<b><u>\$ (258,044)</u></b>	<b><u>\$ 2,789,348</u></b>
<b>Liabilities:</b>					
Accounts payable	\$ 3,298	\$ 25,463	\$ 196	\$ -	\$ 28,957
Due to other funds	-	258,044	-	(258,044)	-
Due to other governments	15	70,581	-	-	70,596
Unearned revenue	-	1,425	-	-	1,425
<b>Total liabilities</b>	<b><u>3,313</u></b>	<b><u>355,513</u></b>	<b><u>196</u></b>	<b><u>(258,044)</u></b>	<b><u>100,978</u></b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	197,808	96,087	-	-	293,895
<b>Fund balances (deficits):</b>					
Restricted	-	51,944	269,031	-	320,975
Unassigned	2,169,587	(96,087)	-	-	2,073,500
<b>Total fund balances (deficits)</b>	<b><u>2,169,587</u></b>	<b><u>(44,143)</u></b>	<b><u>269,031</u></b>	<b><u>-</u></b>	<b><u>2,394,475</u></b>
<b>Total liabilities, deferred inflows and fund balances (deficits)</b>	<b><u>\$ 2,370,708</u></b>	<b><u>\$ 407,457</u></b>	<b><u>\$ 269,227</u></b>	<b><u>\$ (258,044)</u></b>	<b><u>\$ 2,789,348</u></b>

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2016**

Total fund balances - governmental funds	\$ 2,394,475
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

293,895

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:

Deferred outflows of resources	\$ 584,678	
Deferred inflows of resources	<u>(1,191,104)</u>	(606,426)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

IMRF net pension liability	\$ (806,977)	
TRS net pension liability	(82,704)	
Other post-employment benefit obligation	<u>(37,923)</u>	<u>(927,604)</u>

Net position of governmental activities	<u><u>\$ 1,154,340</u></u>
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The notes to the financial statements are an integral part of this statement.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2016**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 317,380	\$ 2,991	\$ 46,540	\$ 366,911
State sources	836,878	387,277	1,616	1,225,771
Federal sources	-	1,614,843	-	1,614,843
On-behalf payments	286,393	-	-	286,393
Interest	4,372	103	462	4,937
<b>Total revenues</b>	<b>1,445,023</b>	<b>2,005,214</b>	<b>48,618</b>	<b>3,498,855</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries	646,123	871,392	-	1,517,515
Employee benefits	80,587	85,530	-	166,117
Pension expense	57,556	74,246	-	131,802
Purchased services	137,325	507,632	8,014	652,971
Supplies and materials	22,899	102,602	881	126,382
Other	1,720	-	3,722	5,442
Payments to other governmental units	-	396,232	-	396,232
On-behalf payments	286,393	-	-	286,393
<b>Total expenditures</b>	<b>1,232,603</b>	<b>2,037,634</b>	<b>12,617</b>	<b>3,282,854</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>212,420</b>	<b>(32,420)</b>	<b>36,001</b>	<b>216,001</b>
<b>Other financing sources (uses):</b>				
Transfers in	8,593	47,053	-	55,646
Transfers out	(47,053)	-	-	(47,053)
<b>Total other financing sources (uses)</b>	<b>(38,460)</b>	<b>47,053</b>	<b>-</b>	<b>8,593</b>
<b>Net change in fund balances</b>	<b>173,960</b>	<b>14,633</b>	<b>36,001</b>	<b>224,594</b>
<b>Fund balances (deficits), beginning of year</b>	<b>1,995,627</b>	<b>(58,776)</b>	<b>233,030</b>	<b>2,169,881</b>
<b>Fund balances (deficits), end of year</b>	<b>\$2,169,587</b>	<b>\$ (44,143)</b>	<b>\$ 269,031</b>	<b>\$ 2,394,475</b>

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2016**

Net change in fund balances	\$ 224,594
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Current year unavailable revenue - local sources	\$ 197,808	
Current year unavailable revenue - Federal sources	96,087	
Prior year unavailable revenue - local sources	(162,352)	
Prior year unavailable revenue - Federal sources	<u>(58,776)</u>	72,767

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

Pension contributions	\$ 131,802	
Cost of benefits earned, net	<u>152,111</u>	<u>283,913</u>

Change in net position of governmental activities	<u>\$ 581,274</u>
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The notes to the financial statements are an integral part of this statement.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Safe</u>		<u>Nonmajor</u>	
	<u>Schools</u>	<u>Truant</u>	<u>Enterprise</u>	
	<u>Local</u>	<u>Local</u>	<u>Funds</u>	
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,220,210	\$ 269,270	\$ 399,359	\$ 1,888,839
Due from other governments	-	-	16,426	16,426
<b>Total assets</b>	<u>1,220,210</u>	<u>269,270</u>	<u>415,785</u>	<u>1,905,265</u>
<b>Deferred outflows of resources:</b>				
Deferred outflows related to pensions	3,225	33,993	2,439	39,657
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	105	39	273	417
Due to other governments	20,396	-	-	20,396
Unearned revenue	12,000	-	-	12,000
<b>Total current liabilities</b>	<u>32,501</u>	<u>39</u>	<u>273</u>	<u>32,813</u>
<b>Noncurrent liabilities:</b>				
Net pension liability	4,519	47,628	3,417	55,564
<b>Total liabilities</b>	<u>37,020</u>	<u>47,667</u>	<u>3,690</u>	<u>88,377</u>
<b>Net position:</b>				
Unrestricted	1,186,415	255,596	414,534	1,856,545
<b>Total net position</b>	<u>\$ 1,186,415</u>	<u>\$ 255,596</u>	<u>\$ 414,534</u>	<u>\$ 1,856,545</u>

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	<u>Business-Type Activities - Enterprise Funds</u>			
	Safe		Nonmajor	
	Schools Local	Truant Local	Enterprise Funds	Total
Operating revenues:				
Charges for services	\$ 147,374	\$ 67,000	\$ 163,706	\$ 378,080
Operating expenses:				
Salaries	5,912	55,449	31,934	93,295
Employee benefits	956	10,171	2,584	13,711
Pension expense	-	13,767	697	14,464
Purchased services	83,087	11,419	77,002	171,508
Supplies and materials	705	10,587	9,864	21,156
Other	-	-	1,657	1,657
Total operating expenses	<u>90,660</u>	<u>101,393</u>	<u>123,738</u>	<u>315,791</u>
Operating income (loss)	<u>56,714</u>	<u>(34,393)</u>	<u>39,968</u>	<u>62,289</u>
Nonoperating revenues:				
Interest	2,518	590	778	3,886
Pension benefit	1,580	-	3,729	5,309
Total nonoperating revenues	<u>4,098</u>	<u>590</u>	<u>4,507</u>	<u>9,195</u>
Income (loss) before transfers	60,812	(33,803)	44,475	71,484
Transfers out	<u>-</u>	<u>-</u>	<u>(8,593)</u>	<u>(8,593)</u>
Change in net position	60,812	(33,803)	35,882	62,891
Net position - beginning of year	<u>1,125,603</u>	<u>289,399</u>	<u>378,652</u>	<u>1,793,654</u>
Net position - end of year	<u>\$ 1,186,415</u>	<u>\$ 255,596</u>	<u>\$ 414,534</u>	<u>\$ 1,856,545</u>

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Safe Schools Local</u>	<u>Truant Local</u>	<u>Nonmajor Enterprise Funds</u>	
Cash flows from operating activities:				
Receipts from customers	\$ 154,874	\$ 67,000	\$ 175,470	\$ 397,344
Payments to suppliers and providers of goods and services	(63,291)	(21,967)	(88,422)	(173,680)
Payments to employees	(7,573)	(73,050)	(35,051)	(115,674)
Net cash provided by (used for) operating activities	<u>84,010</u>	<u>(28,017)</u>	<u>51,997</u>	<u>107,990</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	-	-	(8,593)	(8,593)
Interfund loans repaid, net	281,504	21,246	50,375	353,125
Net cash provided by noncapital financing activities	<u>281,504</u>	<u>21,246</u>	<u>41,782</u>	<u>344,532</u>
Cash flows from investing activities:				
Interest received	2,518	590	778	3,886
Net cash provided by investing activities	<u>2,518</u>	<u>590</u>	<u>778</u>	<u>3,886</u>
Net increase (decrease) in cash	368,032	(6,181)	94,557	456,408
Cash and cash equivalents - beginning of year	<u>852,178</u>	<u>275,451</u>	<u>304,802</u>	<u>1,432,431</u>
Cash and cash equivalents - end of year	<u>1,220,210</u>	<u>269,270</u>	<u>399,359</u>	<u>1,888,839</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	56,714	(34,393)	39,968	62,289
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense reconciliation	(705)	6,337	164	5,796
Change in assets and liabilities:				
(Increase) decrease in due from other governments	-	-	11,764	11,764
Increase (decrease) in due to other governments	20,396	-	-	20,396
Increase (decrease) in accounts payable	105	39	101	245
Increase (decrease) in unearned revenue	7,500	-	-	7,500
Net cash provided by (used for) operating activities	<u>\$ 84,010</u>	<u>\$ (28,017)</u>	<u>\$ 51,997</u>	<u>\$ 107,990</u>

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
June 30, 2016**

	Agency Funds
Assets:	
Cash and cash equivalents	\$          81
Due from other governments	<u>          214,899</u>
Total assets	<u><u>\$          214,980</u></u>
Liabilities:	
Due to other governments	<u>\$          214,980</u>
Total liabilities	<u><u>\$          214,980</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education No. 32's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education No. 32 was created by Illinois Public Act 76-735, as amended, effective August 7, 1995. The Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The region encompasses Iroquois and Kankakee counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

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 Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 32 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 32 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 32's financial statements. In addition, the Regional Office of Education No. 32 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 32 being considered a component unit of the entity.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Government-wide and Fund Financial Statements** (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position includes all of the Regional Office of Education No. 32's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Government-wide and Fund Financial Statements** (Continued)

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized 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.

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 become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 32 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period is reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 32's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

It is the Regional Office of Education No. 32's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

**1. Governmental Funds**

The Regional Office of Education No. 32 reports the following major governmental funds:

**General Fund** – The General Fund is used to account for resources traditionally associated with a 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 Operations** – This fund accounts for monies received for, and payment of expenditures in connection with general administration activities.

**General State Aid** – This fund accounts for General State Aid grant monies received from the Illinois State Board of Education and the related payment of expenditures for the regional learning academy supplements.

**Child Nutrition** – This fund accounts for monies received in excess of actual costs of providing breakfast and lunch to students enrolled in the Regional Office of Education No. 32's Regional Alternative Attendance Center (RAAC) and Alternative Education program.

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

**Addiction Prevention Comprehensive** – This fund accounts for the federal, State, and local revenue received and expended under the drug prevention program developed and funded by the Illinois State Board of Education and the Illinois Department of Human Services. The school-based program focuses on prevention and coordination of school policies, curriculum, family support, and community activities to provide comprehensive addiction prevention efforts.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**1. Governmental Funds** (Continued)

**Education Fund** (Continued)

**Arrest Grant** – This fund accounts for federal grant monies passed through the Illinois Violence Prevention Authority (IVPA) under the Grants to Encourage Arrest Policies and Enforcement program. The purpose of this grant is to encourage the treatment of sexual assault, domestic violence, dating violence and stalking as serious violations of criminal law requiring the coordinated involvement of the entire criminal justice system. It challenges the entire community to listen, communicate, identify problem, and share ideas that will result in new responses to ensure victim safety and offender accountability.

**Child Nutrition** – This fund accounts for Child Nutrition monies used to provide breakfast and lunch through the National School Breakfast Program, National School Lunch Program, and State Free Lunch and Breakfast Program to students enrolled in the Regional Alternative Attendance Center (RAAC).

**Child Protection Data Courts (CPDC) Project** – These funds, received from the Administrative Office of the Illinois Courts (AOIC), are used to perform data collection and provide monies for on-site visits, local CPDC meetings, CPDC project networking meetings, data-related activity, and technical assistance.

**Drug Free Communities** – These funds are a collaborative effort between the Office of National Drug Control Policy (ONDCP) and the Substance Abuse and Mental Health Services Administration (SAMHSA). The purpose of DFC funding is to address two major goals: 1) establish and strengthen collaboration among communities, public and private non-profit agencies, and federal, State, local and tribal government to support the efforts of community coalitions, and 2) reduce substance abuse among youth and over time, among adults.

**HUD Supportive Housing Program** – This fund accounts for grant monies received from the U.S. Department of Housing and Urban Development for the Supportive Housing grant. Funds are used to provide case management, information and referral, and transportation services for homeless families with children, helping the families to meet their basic needs and obtain permanent housing.

**Illinois Criminal Justice Information Authority (ICJIA) Family Violence Coordinating Council** – This fund accounts for funds received from the ICJIA to provide community awareness, coordination, and training to impede family violence.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**1. Governmental Funds** (Continued)

**Education Fund** (Continued)

**Mathematics and Science Partnerships** – This fund is a professional development program designed to improve the content knowledge and pedagogical skills of 5th through 12th grade teachers in mathematics and science.

**McKinney Education for Homeless Children** – This fund accounts for grant monies associated with a federal program designed to provide counseling and education support to homeless children and their families. This program is funded by the Stewart B. McKinney Education for Homeless Children and Youth grant and passed through the Illinois State Board of Education.

**Partnerships for Success** – This fund accounts for federal grant monies received for the Drug-Free Communities Support Program from the White House Office of National Drug Control Policy in cooperation with the Substance Abuse and Mental Health Services Administration. The goals of the program are to establish and strengthen community collaboration in support of local efforts to prevent youth substance use.

**Race to the Top** – This fund accounts for a contract with the Department of Education. This program is designed to establish or update and expand induction and mentoring programs for beginning teachers and principals, and to establish the statewide infrastructure necessary to build and maintain an effective, high-quality induction and mentoring program beyond the terms of this grant.

**Rural Education Achievement Program (REAP)** – This fund accounts for federal monies received from the Department of Education associated with the Small, Rural School Achievement Program. This program is designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**1. Governmental Funds** (Continued)

**Education Fund** (Continued)

**Regional Safe Schools Cooperative Education Program** – The RSSCEP program is specifically aimed at assisting suspended or expelled youth to become reoriented and motivated through a combination of paid work experience related to existing career opportunities with potential for advancement. The program prepares the student to complete their education by participating in career-related classroom(s) and structure cooperative work experience provided by a private sector.

**Regional Office of Education/ Intermediate Service Centers (ROE/ISC) Operations** – This fund accounts for the funding of the Regional Office of Education No. 32 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and federal mandates.

**Title I School Improvement and Accountability System of Support (SSOS)** – This fund supports the improvement of basic programs operated by the Regional Office of Education No. 32 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch lists.

**Title II Teacher Quality** – This fund accounts for the proceeds of a grant passed through the Illinois State Board of Education to improve teacher effectiveness in the classroom.

**Title II Teacher Quality – Leadership Grant – Evaluation Training** – This program accounts for the proceeds of a grant passed through the Illinois State Board of Education to establish teacher and principal evaluation systems to ensure teachers and leaders receive targeted support and improvement opportunities, and to improve student learning.

**Truants' Alternative Program** – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education No. 32. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**1. Governmental Funds** (Continued)

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

**Bus Driver Training** – This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

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

**Institute** – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. The Regional Superintendent uses these proceeds to pay administration expenses incurred on behalf of the teachers' institute certificates, workshops, and general meetings. All funds generated remain restricted until expended only on the aforementioned activities.

**Project Care Healthy Decision** – This fund accounts for revenue received and expenditures incurred in providing a suicide hotline for students.

**2. Proprietary Funds**

Proprietary Funds account for revenues and expenses related to services provided to organizations inside the region on a cost reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education No. 32 reports the following enterprise funds:

**Major Proprietary Funds**

**Safe Schools – Local** – This fund accounts for local revenues and disbursements related to the Safe School program.

**Truant – Local** – This fund accounts for local revenues and disbursements related to the Truant program.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**2. Proprietary Funds** (Continued)

**Nonmajor Proprietary Funds** – The Regional Office of Education No. 32 reports the following nonmajor proprietary funds:

**Administrator's Academy – Local** – This fund accounts for local revenues and disbursements related to the Administrator's Academy Program.

**Children and Adolescent Local Area Network System** – This fund accounts for money received by the Regional Office of Education No. 32 upon the closure of the local organization, C&A LANS. This fund is used to service at-risk youth. The remaining assets were transferred to the General Fund in FY16, as the receipts are no longer primarily fee based.

**Criminal Background Investigation** – This fund accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

**Family Violence Coordinating Councils** – This fund accounts for funds received to provide community awareness, coordination, and training to impede family violence.

**Life Education – Local** – This fund accounts for local revenues received and related disbursements for the Life Education program.

**Local Induction Mentoring Training Fees** – This fund accounts for local revenues and disbursements for Induction and Mentoring Training programs.

**Regional Alternative Attendance Center (RAAC)** – This fund accounts for local revenues and disbursements related to the Regional Alternative Attendance Center. The remaining assets were transferred to the General Fund in FY16, as the receipts are no longer primarily fee based.

**ROE Workshops** – This fund accounts for local revenues and disbursements related to various workshops conducted by the Regional Office of Education No. 32 which are not accounted for in a separate fund.

**SALT Activity** – This fund accounts for local revenues and disbursements related to activities under the Students All Learning Together program. The remaining assets were transferred to the General Fund in FY16, as the receipts are no longer primarily fee based.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**2. Proprietary Funds** (Continued)

**Nonmajor Proprietary Funds** (Continued)

**School Crisis Assistance Team (SCAT) Donations** – This fund accounts for donations and related disbursements for the School Crisis Assistance Team. The remaining assets were transferred to the General Fund in FY16, as the receipts are no longer primarily fee based.

**School Lunch Student Payments** – This fund accounts for local revenues and disbursements for the Students School Lunch program.

**Services Provided HUD** – This fund accounts for local revenues and disbursements in providing supplemental education for students from low-income families.

**Statewide System of Support (SSOS) Foundational Services** – This fund accounts for local revenues and disbursements related to the Title I – SSOS Foundational Services program.

**Supplemental Educational Services** – This fund accounts for local revenues and disbursements in providing supplemental education for students from low-income families.

**Title I Workshops** – This fund accounts for local revenues and disbursements for workshops related to the Title I School Improvement & Accountability program.

**3. Fiduciary Funds**

**Agency Funds** – Agency Funds are used to account for assets held by the Regional Office of Education No. 32 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include the following:

**Distributive Fund** - This fund distributes federal and State funds to school districts and other entities under the oversight of the Regional Superintendent. Interest revenue earned on the custodial funds collected is part of the overall revenue of the General Fund. This treatment is in accordance with an agreement between the Regional Office of Education No. 32 and all the school boards within the Iroquois and Kankakee Counties Regional Office of Education No. 32.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

**1. Deposits and Investments**

The Regional Office of Education No. 32 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 32 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 32 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**3. Capital Assets**

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets, such as equipment, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Continued)

**3. Capital Assets** (Continued)

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

Assets	Years
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment	5-20

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**4. Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

Deferred inflows of resources in the Governmental Funds Balance Sheet consist of grant receivables not collected within sixty days after the year end.

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Continued)

**5. Equity Classifications**

**Government-wide and Proprietary Fund Statements**

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

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

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

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

**Governmental Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented on the Governmental Funds Balance Sheet, the General Fund and Education Fund Combining Schedule of Accounts, and the Nonmajor Special Revenue Funds Combining Balance Sheet:

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

**Restricted Fund Balance** - the portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, and Institute. The following accounts are restricted by a grant agreement or contract: Child Nutrition and Project Care Healthy Decision.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance** (Concluded)

**5. Equity Classifications** (Concluded)

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

**Assigned Fund Balance** - the portion of a Governmental Fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The General Operations fund contains an assigned fund balance.

**Unassigned Fund Balance** - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances (deficits): General Operations and General State Aid. The following Education Fund accounts have unassigned fund deficits: CPDC Project, Drug-Free Communities, McKinney Education for the Homeless, and Title I School Improvement & Accountability System of Support.

**6. Compensated Absences**

All employees who work for 12 calendar months earn vacation time. Unused vacation time does not accumulate and carryover for future calendar years. Sick pay may accumulate for all full-time employees (IMRF & TRS employees) up to a maximum of 120 days. Unused sick pay for those employees may be used as service credit towards the employee's retirement when the employee retires. There are no material accumulations of sick pay or vacation pay at June 30, 2016.

**E. New Accounting Pronouncement**

In 2016, the Regional Office of Education No. 32 implemented Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application*, GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statement 67 and 68*, and GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. These Statements had no impact on the financial statements of the Regional Office of Education No. 32.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education No. 32 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets are also prepared for certain other grant funding. Budgetary Comparison Schedules have been presented for the following grants: Addiction Prevention Comprehensive, Arrest Grant, CPDC Project, Drug-Free Communities, ICJIA Family Violence Coordinating Council, Mathematics and Science Partnerships, McKinney Education for Homeless Children, Partnerships for Success, Regional Safe Schools, Regional Safe Schools Cooperative Education Program, ROE/ISC Operations, Title I School Improvement & Accountability System of Support, Title II – Teacher Quality, Title II – Teacher Quality Leadership - Evaluation Training, and Truants' Alternative Program.

**3. USE OF ESTIMATES**

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

**4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS**

Illinois State Board of Education (ISBE) funds received by the Regional Office of Education No. 32 for the Distributive Fund accrue interest for the period of time between the receipt of funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund. Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the General Fund.

**5. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2016, the carrying amount of the Regional Office of Education No. 32's governmental activities and business-type activities were \$2,064,517 and \$1,888,839, respectively. The bank balances totaled \$3,957,964 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 32's name, and were, therefore, not exposed to custodial credit risk.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**5. DEPOSITS AND INVESTMENTS** (Continued)

**B. Investments**

At June 30, 2016, the carrying amount of the Regional Office of Education No. 32's deposits in the Illinois Funds Money Market Fund for the governmental activities and fiduciary funds were \$123,641 and \$81, respectively. The bank balance invested in the Illinois Funds Money Market Fund was \$123,722. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 32's governmental activities.

**Credit Risk**

At June 30, 2016, 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 Investment Act, 30 ILCS 235. All investments are fully collateralized.

**Interest Rate Risk**

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

**Concentration of Credit Risk**

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

**6. RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

The Regional Office of Education No. 32 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The Regional Office of Education No. 32 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**7. CONTINGENCIES**

The Regional Office of Education No. 32 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 32 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 32's operations.

**8. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets being depreciated:				
Total capital assets	\$ 21,897	\$ -	\$ -	\$ 21,897
Less accumulated depreciation	(21,897)	-	-	(21,897)
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -
Business-type activities:				
Capital assets being depreciated:				
Total capital assets	\$ 10,816	\$ -	\$ -	\$ 10,816
Less accumulated depreciation	(10,816)	-	-	(10,816)
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

There was no depreciation expense charged to Instructional Services (functions/programs) or Professional Development (functions/programs) of the Regional Office of Education No. 32 for the year ended June 30, 2016.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

**Plan Description**

The Regional Office of Education No. 32 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 salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (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 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 32.

*On behalf contributions to TRS* – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 32. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education No. 32 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 32, and the Regional Office of Education No. 32 recognized revenue and expenditures of \$267,303 in pension contributions from the State of Illinois.

*2.2 formula contributions* – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$2,204 and are deferred because they were paid after the June 30, 2015 measurement date.

*Federal and special trust fund contributions* – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 32, there is a statutory requirement for the Regional Office of Education No. 32 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$10,286 were paid from federal and special trust funds that required employer contributions of \$3,709. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Contributions** (Continued)

*Employer retirement cost contributions* – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 32 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education No. 32 paid no employer ERO contributions to TRS.

The Regional Office of Education No. 32 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, 2016, the Regional Office of Education No. 32 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the Regional Office of Education No. 32 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 82,704
State's proportionate share of the net pension liability associated with the employer	3,262,638
Total	\$ 3,345,342

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education No. 32's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education No. 32's proportion was 0.0001262456 percent, which was a decrease of 0.0000109164 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education No. 32 recognized pension expense of \$267,303 and revenue of \$267,303 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 32 recognized a pension benefit of \$373,788. At June 30, 2016, the Regional Office of Education No. 32 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 31	\$ 91
Net difference between projected and actual earnings on pension plan investments	1,638	2,896
Changes of assumptions	1,144	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,188,117
Total deferred amounts to be recognized in pension expense in future periods	2,813	1,191,104
<b>Employer contributions made subsequent to the measurement date</b>	5,913	-
<b>Total deferred amounts related to pensions</b>	\$ 8,726	\$1,191,104

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

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

\$5,913 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 380,718
2018	380,718
2019	380,718
2020	46,137
Total	<u>\$ 1,188,291</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	varies by amount of service credit
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. 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 from their 2013 levels.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Actuarial Assumptions** (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%
Total	<u>100%</u>	

**Discount Rate**

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 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.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**A. Teachers' Retirement System of the State of Illinois** (Continued)

**Discount Rate** (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

**Sensitivity of the Regional Office of Education No. 32's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education No. 32's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the Regional Office of Education No. 32's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	<b>1% Lower (6.47%)</b>	<b>Current Discount Rate (7.47%)</b>	<b>1% Higher (8.47%)</b>
<b>Employer's proportionate share of the net pension liability</b>	<u>\$ 102,201</u>	<u>\$ 82,704</u>	<u>\$ 66,715</u>

**TRS Fiduciary Net Position**

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund**

**IMRF Plan Description**

The Regional Office of Education No. 32's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 32's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Benefits Provided** (Continued)

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, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	26
Total	59

**Contributions**

As set by statute, the Regional Office of Education No. 32's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 32's annual contribution rate for calendar year 2014 was 12.52%. For the calendar year 2015, the Regional Office of Education No. 32 contributed \$120,097 to the plan. The Regional Office of Education No. 32 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.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Net Pension Liability**

The Regional Office of Education No. 32's net pension liability was measured as of December 31, 2015. 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, 2015:

- 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.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Actuarial Assumptions** (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38%	7.39%
International equity	17%	7.59%
Fixed income	27%	3.00%
Real estate	8%	6.00%
Alternative investments	9%	2.75-8.15%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

**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 3.57%, and the resulting single discount rate is 7.50%.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 3,668,203	\$ 3,161,460	\$ 506,743
<b>Changes for the year:</b>			
Service Cost	106,905	-	106,905
Interest on the total pension liability	274,668	-	274,668
Differences between expected and actual experience of the total pension liability	85,063	-	85,063
Contributions - employer	-	120,097	(120,097)
Contributions - employees	-	46,251	(46,251)
Net investment income	-	(64,599)	64,599
Benefit payments, including refunds of employee contributions	(122,059)	(122,059)	-
Other (net transfer)	-	9,089	(9,089)
Net changes	<u>344,577</u>	<u>(11,221)</u>	<u>355,798</u>
<b>Balances at December 31, 2015</b>	<u>\$ 4,012,780</u>	<u>\$ 3,150,239</u>	<u>\$ 862,541</u>

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

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

	<b>1% Lower (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Higher (8.5%)</b>
<b>Net Pension Liability/(Asset)</b>	<u>\$ 1,432,897</u>	<u>\$ 862,541</u>	<u>\$ 393,370</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

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

For the year ended June 30, 2016, the Regional Office of Education No. 32 recognized pension expense of \$230,832. At June 30, 2016, the Regional Office of Education No. 32 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>	
Differences between expected and actual experience	\$ 180,016
Changes of assumptions	88,271
Net difference between projected and actual earnings on pension plan investments	271,373
Total deferred amounts to be recognized in pension expense in future periods	539,660
<b>Pension contributions made subsequent to the measurement date</b>	75,949
<b>Total deferred amounts related to pensions</b>	\$ 615,609

\$75,949 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. 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:

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

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

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows of Resources</b>
2016	\$ 140,815
2017	140,815
2018	140,815
2019	111,915
2020	5,300
Total	\$ 539,660

**C. Social Security**

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered “nonparticipating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**10. OTHER POST-EMPLOYMENT BENEFITS**

**A. Teacher Health Insurance Security Fund**

The Regional Office of Education No. 32 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**10. OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**A. Teacher Health Insurance Security Fund** (Continued)

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

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

*On behalf contributions to the THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 32. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$4,066, and the Regional Office of Education No. 32 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 32 employees were \$5,140 and \$4,927, respectively.

*Employer contributions to the THIS Fund* - The Regional Office of Education No. 32 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year end June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 32 paid \$4,022 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 32 paid \$3,829 and \$3,657 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Further Information on the THIS Fund**

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**10. OTHER POST-EMPLOYMENT BENEFITS** (Continued)

**B. Other Post-employment Benefits**

The Regional Office of Education No. 32 participates in the Kankakee County Retiree postretirement medical plans (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the entry age actuarial cost method as of the December 1, 2013 actuarial valuation and is for the 12 month period from December 1, 2013 through November 30, 2014. The valuation is calculated every two years and this is the most recent information available. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$5,375,339 for Kankakee County as of December 1, 2013. The Regional Office of Education No. 32's portion of the unfunded actuarial accrued liability was determined to be \$37,923.

Details of the OPEB Plan are available in Kankakee County's audit report for the year ended November 30, 2014. The report may be obtained by writing to the Kankakee County Government, 192 N. East Avenue, Kankakee, IL 60901.

**11. BOND**

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 32 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 32 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**12. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2016, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 258,044	\$ -
Education Fund	-	258,044
Totals	\$ 258,044	\$ 258,044

All of the interfund balances due to the General Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**13. DUE TO/DUE FROM OTHER GOVERNMENTS**

The Regional Office of Education No. 32's General Fund, Education Fund, Nonmajor Special Revenue Funds, Nonmajor Proprietary Funds, Agency Fund, and Safe Schools Local Fund had funds due from/to various other governmental units which consisted of the following at June 30, 2016:

Due from other governments:

General Fund:

Local governments	<u>\$ 245,398</u>
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Education Fund:

Administrative Office of the Illinois courts	343
Illinois Department of Human Services	33,001
Illinois State Board of Education	300,973
US Department of Health and Human Services	16,457
US Department of Housing and Urban Development	2,151
US Department of Education	<u>1,251</u>
	<u>354,176</u>

Nonmajor Special Revenue Funds:

Illinois State Board of Education	<u>1,616</u>
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Nonmajor Proprietary Funds:

Local governments	<u>16,426</u>
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\$ 617,616

Agency Fund:

Illinois State Board of Education	<u><u>\$ 214,899</u></u>
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**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**13. DUE TO/DUE FROM OTHER GOVERNMENTS (Continued)**

Due to other governments:

General Fund:

Local governments	\$ 15
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Education Fund:

Illinois State Board of Education	24
Local governments	70,557
	70,581

Safe Schools Local Fund:

Local governments	20,396
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\$ 90,992

Agency Fund:

Local governments	\$ 214,980
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\$ 214,980

**14. ON-BEHALF PAYMENTS**

The Regional Office of Education No. 32 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$ 112,008
Regional Superintendent-benefits (includes State paid insurance)	34,619
Assistant Regional Superintendent-salary	100,812
Assistant Regional Superintendent-benefits (includes State paid insurance)	34,888
Teachers' Health Insurance System	4,066
	4,066
	\$ 286,393

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**14. ON-BEHALF PAYMENTS** (Continued)

The Regional Office of Education No. 32 also recorded \$267,303 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 32 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 286,393
ROE 32's share of TRS pension expense	<u>267,303</u>
 Total	 <u><u>\$ 553,696</u></u>

**15. OPERATING LEASES**

Lease 1: On July 1, 2013 the Regional Office of Education No. 32 renewed a three year lease agreement for rental of 1 Stuart Dr., Kankakee, Illinois beginning July 1, 2013 and terminating June 30, 2016. The lease is payable in annual installments of \$10,000. Lease expense for the office building for fiscal year 2016 was \$10,000.

Lease 2: On March 1, 2012, the Regional Office of Education No. 32 entered into a lease agreement for rental of a copier for 5 years beginning March 1, 2012 and terminating February 28, 2017. The lease is payable in monthly installments of \$446. Lease expense for the copier for fiscal year 2016 was \$5,351.

Lease 3: On March 1, 2012, the Regional Office of Education No. 32 entered into a lease for rental of 2 copiers for 5 years beginning March 1, 2012 and terminating on February 28, 2017. The lease is payable in monthly installments of \$1,141. Lease expense for the copiers for fiscal year 2016 was \$13,690.

The Regional Office of Education No. 32's future minimum lease payments based on the leases detailed above are as follows:

Year ending June 30,	
<hr/>	
2017	<u><u>\$ 12,694</u></u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO FINANCIAL STATEMENTS**

**16. TRANSFERS**

During the year ended June 30, 2016, the Regional Office of Education No. 32 reported the following transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ 8,593	\$ -
General Fund - Child Nutrition	-	47,053
Education Fund - Child Nutrition	47,053	-
Nonmajor Proprietary Funds	-	8,593
Totals	\$ 55,646	\$ 55,646

The transfers were made to move funds no longer supported by fees for service from the Nonmajor Proprietary Funds to the General Fund and to move the fiscal year 2015 Child Nutrition (General Fund) fund balance back to the Child Nutrition Fund (Education Fund) as the sources of the fund are restricted.

**17. DEFICIT FUND BALANCE**

The following individual funds had negative fund balances as of June 30, 2016:

General Operations	\$ 23,278
CPCD Project	135
Drug Free Communities	2,000
McKinney Education for Homeless Children	32,860
Title I School Improvement & Accountability System of Support	61,092

The Regional Office of Education No. 32 intends to reduce expenses and possibly transfer funds to reduce the General Operations deficit fund balance in future periods. The deficit fund balances for the other funds will be eliminated during the fiscal year ending June 30, 2017 when unavailable revenue is recognized as revenue.

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
(UNAUDITED)**

**For the years ended June 30, 2016 and 2015**

**(Amounts presented are for the calendar years ended December 31, 2015 and 2014)**

	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>		
Service cost	\$ 106,905	\$ 123,024
Interest on the total pension liability	274,668	232,703
Changes of benefit terms	-	-
Differences between expected and actual experience of the total pension liability	85,063	171,506
Changes of assumptions	-	136,503
Benefit payments, including refunds of employee contributions	(122,059)	(71,842)
<b>Net change in total pension liability</b>	<b>344,577</b>	<b>591,894</b>
<b>Total pension liability - beginning</b>	<b>3,668,203</b>	<b>3,076,309</b>
<b>Total pension liability - ending (A)</b>	<b>4,012,780</b>	<b>3,668,203</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	120,097	124,380
Contributions - employees	46,251	46,257
Net investment income	(64,599)	168,323
Benefit payments, including refunds of employee contributions	(122,059)	(71,842)
Other (net transfer)	9,089	(2,222)
<b>Net change in plan fiduciary net position</b>	<b>(11,221)</b>	<b>264,896</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,161,460</b>	<b>2,896,564</b>
<b>Plan fiduciary net position - ending (B)</b>	<b>3,150,239</b>	<b>3,161,460</b>
<b>Net pension liability(asset) - ending (A) - (B)</b>	<b>\$ 862,541</b>	<b>\$ 506,743</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>78.51%</b>	<b>86.19%</b>
<b>Covered Valuation Payroll</b>	<b>\$ 959,244</b>	<b>\$ 1,027,931</b>
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>89.92%</b>	<b>49.30%</b>

**Notes to Schedules:**

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.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**ILLINOIS MUNICIPAL RETIREMENT FUND —  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)**

**For the years ended June 30, 2016 and 2015**

**(Amounts presented are for the calendar years ended December 31, 2015 and 2014)**

<b>Calendar Year Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a Percentage of Covered Valuation Payroll</b>
2015	\$ 120,097	\$ 120,097	\$ -	\$ 959,244	12.52%
2014	118,006	124,380	(6,374)	1,027,931	12.10%

**Notes to Schedule:**

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate\***

**Valuation Date:**

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 2015 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	28-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	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.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**ILLINOIS MUNICIPAL RETIREMENT FUND —  
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Concluded)  
(UNAUDITED)**

**For the years ended June 30, 2016 and 2015**

**(Amounts presented are for the calendar years ended December 31, 2015 and 2014)**

**Notes to Schedule:** (Continued)

**Other Information:**

There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2013, 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.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS —  
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
(UNAUDITED)**

**For the years ended June 30, 2016 and 2015  
(Amounts presented are for the years ended June 30, 2015 and 2014)**

	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.0001262456%	0.0001371620%
Employer's proportionate share of the net pension liability	\$ 82,704	\$ 83,474
State's proportionate share of the net pension liability associated with the employer	<u>3,262,638</u>	<u>3,133,782</u>
Total	<u>\$ 3,345,342</u>	<u>\$ 3,217,256</u>
Employer's covered-employee payroll	\$ 503,880	\$ 507,980
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.41%	16.43%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43%

**Notes to Schedules:**

**Changes of Assumptions**

Amounts reported in 2015 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS —  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)**

**For the year ended June 30,**

<b>Fiscal Year Ended June 30,</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily- Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2016	\$ 5,913	\$ 5,913	\$ -	\$ 1,502,086	0.39%
2015	4,424	4,424	-	503,880	0.88%
2014	4,894	4,894	-	507,980	0.96%

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

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
June 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>
12/1/2013	\$ -	\$ 37,923	\$ 37,923	0%
11/30/2011	-	22,222	22,222	0%

The actuarial valuation of the Plan was performed as of December 1, 2013. This valuation was completed based upon the use of the entry age actuarial cost method with a 30-year amortization of the unfunded actuarial accrued liability. The results were also based on a discount rate of 5.0% and a health care cost trend rate beginning at 5.5% and scaling down to an ultimate rate of 5.0%. Active utilization rate of 10% is assumed for all employees.

**SUPPLEMENTARY INFORMATION**

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2016**

	General Operations	General State Aid	Child Nutrition	Eliminations	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 78,317	\$ 1,788,949	\$ -	\$ -	\$ 1,867,266
Due from other funds	-	404,354	-	(146,310)	258,044
Due from other governments	245,398	-	-	-	245,398
<b>Total assets</b>	<b>\$ 323,715</b>	<b>\$ 2,193,303</b>	<b>\$ -</b>	<b>\$ (146,310)</b>	<b>\$ 2,370,708</b>
<b>Liabilities:</b>					
Accounts payable	\$ 2,875	\$ 423	\$ -	\$ -	\$ 3,298
Due to other funds	146,310	-	-	(146,310)	-
Due to other governments	-	15	-	-	15
<b>Total liabilities</b>	<b>149,185</b>	<b>438</b>	<b>-</b>	<b>(146,310)</b>	<b>3,313</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	197,808	-	-	-	197,808
<b>Fund balances (deficits):</b>					
Unassigned	(23,278)	2,192,865	-	-	2,169,587
<b>Total liabilities, deferred inflows and fund balances (deficits)</b>	<b>\$ 323,715</b>	<b>\$ 2,193,303</b>	<b>\$ -</b>	<b>\$ (146,310)</b>	<b>\$ 2,370,708</b>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2016**

	General Operations	General State Aid	Child Nutrition	Total
<b>Revenues:</b>				
Local sources	\$ 317,380	\$ -	\$ -	\$ 317,380
State sources	-	836,878	-	836,878
On-behalf payments	286,393	-	-	286,393
Interest	153	4,219	-	4,372
Total revenues	<u>603,926</u>	<u>841,097</u>	<u>-</u>	<u>1,445,023</u>
<b>Expenditures:</b>				
Salaries	210,454	435,669	-	646,123
Employee benefits	23,235	57,352	-	80,587
Pension expense	32,878	24,678	-	57,556
Purchased services	65,926	71,399	-	137,325
Supplies and materials	9,051	13,848	-	22,899
Other	1,720	-	-	1,720
On-behalf payments	286,393	-	-	286,393
Total expenditures	<u>629,657</u>	<u>602,946</u>	<u>-</u>	<u>1,232,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,731)</u>	<u>238,151</u>	<u>-</u>	<u>212,420</u>
<b>Other financing sources (uses):</b>				
Transfers in	8,593	-	-	8,593
Transfer out	-	-	(47,053)	(47,053)
Total other financing sources (uses)	<u>8,593</u>	<u>-</u>	<u>(47,053)</u>	<u>(38,460)</u>
Net change in fund balances	(17,138)	238,151	(47,053)	173,960
Fund balances (deficits) - beginning of year	<u>(6,140)</u>	<u>1,954,714</u>	<u>47,053</u>	<u>1,995,627</u>
Fund balances (deficits) - end of year	<u>\$ (23,278)</u>	<u>\$ 2,192,865</u>	<u>\$ -</u>	<u>\$ 2,169,587</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2016**

	Addiction Prevention Comprehensive	Arrest Grant	Child Nutrition	CPDC Project	Drug Free Communities
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ 1,425	\$ 51,856	\$ -	\$ -
Due from other governments	21,596	-	88	343	16,457
<b>Total assets</b>	<b>\$ 21,596</b>	<b>\$ 1,425</b>	<b>\$ 51,944</b>	<b>\$ 343</b>	<b>\$ 16,457</b>
<b>Liabilities:</b>					
Accounts payable	\$ 278	\$ -	\$ -	\$ -	\$ 4,066
Due to other funds	21,318	-	-	343	12,391
Due to other governments	-	-	-	-	-
Unearned revenue	-	1,425	-	-	-
<b>Total liabilities</b>	<b>21,596</b>	<b>1,425</b>	<b>-</b>	<b>343</b>	<b>16,457</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	135	2,000
<b>Fund balances (deficits):</b>					
Restricted	-	-	51,944	-	-
Unassigned	-	-	-	(135)	(2,000)
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>51,944</b>	<b>(135)</b>	<b>(2,000)</b>
<b>Total liabilities, deferred inflows and fund balances (deficits)</b>	<b>\$ 21,596</b>	<b>\$ 1,425</b>	<b>\$ 51,944</b>	<b>\$ 343</b>	<b>\$ 16,457</b>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2016**

	HUD Supportive Housing Program	ICJIA Family Violence Coordinating Council	Mathematics and Science Partnerships	McKinney Education for Homeless Children	Partnerships for Success
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	2,151	-	9,064	60,944	11,405
<b>Total assets</b>	<b>\$ 2,151</b>	<b>\$ -</b>	<b>\$ 9,064</b>	<b>\$ 60,944</b>	<b>\$ 11,405</b>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 19,048	\$ 30
Due to other funds	2,151	-	9,064	29,120	11,375
Due to other governments	-	-	-	12,776	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>2,151</b>	<b>-</b>	<b>9,064</b>	<b>60,944</b>	<b>11,405</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	32,860	-
<b>Fund balances (deficits):</b>					
Restricted	-	-	-	-	-
Unassigned	-	-	-	(32,860)	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,860)</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances (deficits)</b>	<b>\$ 2,151</b>	<b>\$ -</b>	<b>\$ 9,064</b>	<b>\$ 60,944</b>	<b>\$ 11,405</b>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2016**

	Race to the Top	REAP	Regional Safe Schools	Regional Safe Schools Cooperative Education Program	ROE/ISC Operations
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	1,251	13,693	3,757	71,526
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,251</b>	<b>\$ 13,693</b>	<b>\$ 3,757</b>	<b>\$ 71,526</b>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,251	13,693	3,757	71,502
Due to other governments	-	-	-	-	24
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,251</b>	<b>13,693</b>	<b>3,757</b>	<b>71,526</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Fund balances (deficits):</b>					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances (deficits)</b>	<b>\$ -</b>	<b>\$ 1,251</b>	<b>\$ 13,693</b>	<b>\$ 3,757</b>	<b>\$ 71,526</b>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2016**

	Title I School Improvement & Accountability System of Support	Title II Teacher Quality	Title II Teacher Quality Leadership - Evaluation Training	Truants' Alternative Program	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 53,281
Due from other governments	111,768	-	993	29,140	354,176
<b>Total assets</b>	<b>\$ 111,768</b>	<b>\$ -</b>	<b>\$ 993</b>	<b>\$ 29,140</b>	<b>\$ 407,457</b>
<b>Liabilities:</b>					
Accounts payable	\$ 1,363	\$ -	\$ -	\$ 678	\$ 25,463
Due to other funds	52,624	-	993	28,462	258,044
Due to other governments	57,781	-	-	-	70,581
Unearned revenue	-	-	-	-	1,425
<b>Total liabilities</b>	<b>111,768</b>	<b>-</b>	<b>993</b>	<b>29,140</b>	<b>355,513</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	61,092	-	-	-	96,087
<b>Fund balances (deficits):</b>					
Restricted	-	-	-	-	51,944
Unassigned	(61,092)	-	-	-	(96,087)
<b>Total fund balances (deficits)</b>	<b>(61,092)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,143)</b>
<b>Total liabilities, deferred inflows and fund balances (deficits)</b>	<b>\$ 111,768</b>	<b>\$ -</b>	<b>\$ 993</b>	<b>\$ 29,140</b>	<b>\$ 407,457</b>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	Addiction Prevention Comprehensive	Arrest Grant	Child Nutrition	CPDC Project	Drug Free Communities
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	359	-	-
Federal sources	200,319	8,217	31,945	2,248	57,842
Interest	-	1	100	-	-
Total revenues	<u>200,319</u>	<u>8,218</u>	<u>32,404</u>	<u>2,248</u>	<u>57,842</u>
<b>Expenditures:</b>					
Salaries	153,803	6,007	-	-	24,917
Employee benefits	11,531	460	-	-	1,904
Pension expense	21,405	14	-	-	3,631
Purchased services	8,886	1,613	27,513	1,237	27,617
Supplies and materials	4,694	124	-	18	1,773
Payments to other governmental units	-	-	-	-	-
Total expenditures	<u>200,319</u>	<u>8,218</u>	<u>27,513</u>	<u>1,255</u>	<u>59,842</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	4,891	993	(2,000)
<b>Other financing sources:</b>					
Transfers in	-	-	47,053	-	-
Net change in fund balances	-	-	51,944	993	(2,000)
Fund balances (deficits) - beginning of year	-	-	-	(1,128)	-
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,944</u>	<u>\$ (135)</u>	<u>\$ (2,000)</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	HUD Supportive Housing Program	ICJIA Family Violence Coordinating Council	Mathematics and Science Partnerships	McKinney Education for Homeless Children	Partnerships for Success
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	519	-	-	-
Federal sources	52,909	-	335,133	181,922	67,792
Interest	-	-	-	-	-
Total revenues	<u>52,909</u>	<u>519</u>	<u>335,133</u>	<u>181,922</u>	<u>67,792</u>
Expenditures:					
Salaries	33,267	-	86,824	37,692	48,497
Employee benefits	12,505	-	10,229	4,802	3,616
Pension expense	-	-	9,499	2,542	6,770
Purchased services	5,789	-	143,806	9,291	5,061
Supplies and materials	1,348	519	56,701	25,711	3,848
Payments to other governmental units	-	-	28,074	134,744	-
Total expenditures	<u>52,909</u>	<u>519</u>	<u>335,133</u>	<u>214,782</u>	<u>67,792</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(32,860)	-
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balances	-	-	-	(32,860)	-
Fund balances (deficits) - beginning of year	-	-	-	-	-
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,860)</u>	<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	Race to the Top	REAP	Regional Safe Schools	Regional Safe Schools Cooperative Education Program	ROE/ISC Operations
<b>Revenues:</b>					
Local sources	\$ 2,991	\$ -	\$ -	\$ -	\$ -
State sources	-	-	87,984	35,165	71,580
Federal sources	-	8,415	-	-	-
Interest	-	-	-	-	-
Total revenues	<u>2,991</u>	<u>8,415</u>	<u>87,984</u>	<u>35,165</u>	<u>71,580</u>
<b>Expenditures:</b>					
Salaries	964	1,293	71,161	28,328	56,414
Employee benefits	74	99	3,378	4,266	5,968
Pension expense	111	277	413	164	4,955
Purchased services	20	6,389	13,032	2,407	4,205
Supplies and materials	-	272	-	-	38
Payments to other governmental units	-	-	-	-	-
Total expenditures	<u>1,169</u>	<u>8,330</u>	<u>87,984</u>	<u>35,165</u>	<u>71,580</u>
Excess (deficiency) of revenues over (under) expenditures	1,822	85	-	-	-
<b>Other financing sources:</b>					
Transfers in	-	-	-	-	-
Net change in fund balances	1,822	85	-	-	-
Fund balances (deficits) - beginning of year	<u>(1,822)</u>	<u>(85)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (Concluded)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	Title I School Improvement & Accountability System of Support	Title II Teacher Quality	Title II Teacher Quality Leadership - Evaluation Training	Truants' Alternative Program	Total
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2,991
State sources	-	-	-	191,670	387,277
Federal sources	663,316	292	4,493	-	1,614,843
Interest	-	-	-	2	103
<b>Total revenues</b>	<b>663,316</b>	<b>292</b>	<b>4,493</b>	<b>191,672</b>	<b>2,005,214</b>
<b>Expenditures:</b>					
Salaries	182,246	-	-	139,979	871,392
Employee benefits	10,068	-	-	16,630	85,530
Pension expense	10,358	-	-	14,107	74,246
Purchased services	235,370	292	4,493	10,611	507,632
Supplies and materials	4,915	-	-	2,641	102,602
Payments to other governmental units	225,710	-	-	7,704	396,232
<b>Total expenditures</b>	<b>668,667</b>	<b>292</b>	<b>4,493</b>	<b>191,672</b>	<b>2,037,634</b>
Excess (deficiency) of revenues over (under) expenditures	(5,351)	-	-	-	(32,420)
<b>Other financing sources:</b>					
Transfers in	-	-	-	-	47,053
<b>Net change in fund balances</b>	<b>(5,351)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,633</b>
Fund balances (deficits) - beginning of year	(55,741)	-	-	-	(58,776)
Fund balances (deficits) - end of year	\$ (61,092)	\$ -	\$ -	\$ -	\$ (44,143)

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ADDICTION PREVENTION COMPREHENSIVE  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 200,319	\$ 200,319	\$ 200,319
Expenditures:			
Salaries	153,803	153,803	153,803
Employee benefits	35,803	35,803	11,531
Pension expense	-	-	21,405
Purchased services	6,785	6,785	8,886
Supplies and materials	3,928	3,928	4,694
Total expenditures	200,319	200,319	200,319
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ARREST GRANT  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,260	\$ 16,720	\$ 8,217
Interest	-	-	1
Total revenues	<u>8,260</u>	<u>16,720</u>	<u>8,218</u>
Expenditures:			
Salaries	6,149	12,298	6,007
Employee benefits	-	-	460
Pension expense	-	-	14
Purchased services	2,000	4,173	1,613
Supplies and materials	111	249	124
Total expenditures	<u>8,260</u>	<u>16,720</u>	<u>8,218</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
CPDC PROJECT FY 2015  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,290	\$ 8,290	\$ 2,041
Expenditures:			
Purchased services	7,900	7,900	895
Supplies and materials	390	390	18
Total expenditures	8,290	8,290	913
Net change in fund balance	\$ -	\$ -	1,128
Fund balance (deficit), beginning of year			(1,128)
Fund balance, September 30, 2015			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
CPDC PROJECT FY 2016  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,130	\$ 8,130	\$ 207
Expenditures:			
Purchased services	7,830	7,830	342
Supplies and materials	300	300	-
Total expenditures	8,130	8,130	342
Net change in fund balance	\$ -	\$ -	(135)
Fund balance (deficit), October 1, 2015			-
Fund balance (deficit), end of year			\$ (135)

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
DRUG FREE COMMUNITIES  
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 57,842</u>
Expenditures:			
Salaries	44,700	44,700	24,917
Employee benefits	17,359	17,359	1,904
Pension expense	-	-	3,631
Purchased services	53,058	53,058	27,617
Supplies and materials	<u>9,883</u>	<u>9,883</u>	<u>1,773</u>
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>59,842</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(2,000)</u>
Fund balance, beginning of year			<u>-</u>
Fund balance (deficit), end of year			<u><u>\$ (2,000)</u></u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ICJIA FAMILY VIOLENCE COORDINATING COUNCIL  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 17,000	\$ 17,000	\$ 519
Expenditures:			
Salaries	16,073	16,073	-
Purchased services	808	808	-
Supplies and materials	119	119	519
Total expenditures	17,000	17,000	519
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MATHEMATICS AND SCIENCE PARTNERSHIPS FY 2015  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 249,994
Expenditures:			
Salaries	39,269	42,902	41,891
Employee benefits	17,220	11,490	5,239
Pension expense	-	-	3,326
Purchased services	180,747	129,378	136,049
Supplies and materials	5,264	58,730	55,989
Payments to other governments	7,500	7,500	7,500
Total expenditures	250,000	250,000	249,994
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, September 30, 2015			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MATHEMATICS AND SCIENCE PARTNERSHIPS FY 2016  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 85,139
Expenditures:			
Salaries	57,164	120,304	44,933
Employee benefits	14,328	38,255	4,990
Pension expense	-	-	6,173
Purchased services	163,219	32,866	7,757
Supplies and materials	7,789	10,507	712
Payments to other governments	7,500	48,068	20,574
Total expenditures	250,000	250,000	85,139
Net change in fund balance	\$ -	\$ -	-
Fund balance, October 1, 2015			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN FY 2015  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 159,000	\$ 175,709	\$ 15,993
Expenditures:			
Salaries	40,027	42,767	-
Employee benefits	8,333	8,306	-
Purchased services	9,191	8,726	31
Supplies and materials	10,014	6,644	5,777
Payments to other governments	91,435	109,266	10,185
Total expenditures	159,000	175,709	15,993
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, July 1, 2015			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN FY 2016  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 170,000	\$ 198,839	\$ 165,929
Expenditures:			
Salaries	39,396	37,199	37,692
Employee benefits	7,188	7,261	4,802
Pension expense	-	-	2,542
Purchased services	8,104	10,205	9,260
Supplies and materials	8,995	19,564	19,934
Payments to other governments	106,317	124,610	124,559
Total expenditures	170,000	198,839	198,789
Net change in fund balance	\$ -	\$ -	(32,860)
Fund balance, July 1, 2015			-
Fund balance (deficit), end of year			\$ (32,860)

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
PARTNERSHIPS FOR SUCCESS  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 75,000	\$ 75,000	\$ 67,792
Expenditures:			
Salaries	48,498	48,498	48,497
Employee benefits	11,319	11,319	3,616
Pension expense	-	-	6,770
Purchased services	10,406	10,406	5,061
Supplies and materials	4,777	4,777	3,848
Total expenditures	75,000	75,000	67,792
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 87,984	\$ 87,984	\$ 87,984
Expenditures:			
Salaries	71,161	71,161	71,161
Employee benefits	9,214	3,814	3,378
Pension expense	-	-	413
Purchased services	7,609	13,009	13,032
Total expenditures	87,984	87,984	87,984
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM  
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	<u>\$ 38,798</u>	<u>\$ 38,798</u>	<u>\$ 35,165</u>
Expenditures:			
Salaries	30,060	30,060	28,328
Employee benefits	5,051	5,051	4,266
Pension expense	-	-	164
Purchased services	3,136	3,136	2,407
Supplies and materials	<u>551</u>	<u>551</u>	<u>-</u>
Total expenditures	<u>38,798</u>	<u>38,798</u>	<u>35,165</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS FY 2015  
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 74,375	\$ 74,375	\$ 54
Expenditures:			
Salaries	44,936	44,936	-
Employee benefits	11,695	11,695	-
Purchased services	9,409	9,409	16
Supplies and materials	6,835	2,499	38
Capital outlay	1,500	5,836	-
Total expenditures	<u>74,375</u>	<u>74,375</u>	<u>54</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, July 1, 2015			<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS FY 2016  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 84,740	\$ 84,825	\$ 71,526
Expenditures:			
Salaries	45,835	56,323	56,414
Employee benefits	13,267	10,619	5,968
Pension expense	-	-	4,955
Purchased services	694	4,003	4,189
Capital outlay	24,944	13,880	-
Total expenditures	84,740	84,825	71,526
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2015			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT FY 2015  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 769,069	\$ 834,727	\$ 87,305
Expenditures:			
Salaries	244,338	202,858	-
Employee benefits	11,068	15,302	-
Purchased services	101,242	129,807	5,442
Supplies and materials	170,986	169,650	697
Payments to other governments	241,435	317,110	25,425
Total expenditures	769,069	834,727	31,564
Net change in fund balance	\$ -	\$ -	55,741
Fund balance (deficit), beginning of year			(55,741)
Fund balance, July 1, 2015			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT FY 2016  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 911,078	\$ 911,078	\$ 576,011
Expenditures:			
Salaries	283,593	288,038	182,246
Employee benefits	19,594	20,514	10,068
Pension expense	-	-	10,358
Purchased services	307,974	284,609	229,928
Supplies and materials	6,992	6,992	4,218
Payments to other governments	292,925	310,925	200,285
Total expenditures	911,078	911,078	637,103
Net change in fund balance	\$ -	\$ -	(61,092)
Fund balance, July 1, 2015			-
Fund balance (deficit), end of year			\$ (61,092)

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II – TEACHER QUALITY  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 292	\$ 292	\$ 292
Expenditures:			
Purchased services	292	292	292
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II – TEACHER QUALITY LEADERSHIP – EVALUATION TRAINING  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 4,493	\$ 4,493	\$ 4,493
Expenditures:			
Purchased services	4,493	4,493	4,493
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS' ALTERNATIVE PROGRAM  
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 191,670	\$ 191,670	\$ 191,670
Interest	-	-	2
Total revenues	<u>191,670</u>	<u>191,670</u>	<u>191,672</u>
Expenditures:			
Salaries and benefits	137,361	137,361	139,979
Employee benefits	31,091	31,091	16,630
Pension expense	-	-	14,107
Purchased services	12,050	12,050	10,611
Supplies and materials	2,671	2,671	2,641
Payments to other governments	8,497	8,497	7,704
Total expenditures	<u>191,670</u>	<u>191,670</u>	<u>191,672</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2016**

	Bus Driver Training	General Education Development	Institute	Project Care Healthy Decision	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 25,150	\$ 45,589	\$ 192,883	\$ 3,989	\$ 267,611
Due from other governments	1,616	-	-	-	1,616
<b>Total assets</b>	<b>\$ 26,766</b>	<b>\$ 45,589</b>	<b>\$ 192,883</b>	<b>\$ 3,989</b>	<b>\$ 269,227</b>
<b>Liabilities:</b>					
Accounts payable	\$ 196	\$ -	\$ -	\$ -	\$ 196
<b>Fund Balances:</b>					
Restricted	26,570	45,589	192,883	3,989	269,031
<b>Total liabilities and fund balances</b>	<b>\$ 26,766</b>	<b>\$ 45,589</b>	<b>\$ 192,883</b>	<b>\$ 3,989</b>	<b>\$ 269,227</b>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2016**

	Bus Driver Training	General Education Development	Institute	Project Care Healthy Decision	Total
<b>Revenues:</b>					
Local sources	\$ 4,521	\$ 1,374	\$ 40,645	\$ -	\$ 46,540
State sources	1,616	-	-	-	1,616
Interest	52	92	310	8	462
Total revenues	<u>6,189</u>	<u>1,466</u>	<u>40,955</u>	<u>8</u>	<u>48,618</u>
<b>Expenditures:</b>					
Purchased services	2,670	348	4,895	101	8,014
Supplies and materials	-	20	861	-	881
Other	-	-	3,722	-	3,722
Total expenditures	<u>2,670</u>	<u>368</u>	<u>9,478</u>	<u>101</u>	<u>12,617</u>
Net change in fund balances	3,519	1,098	31,477	(93)	36,001
Fund balance - beginning of year	<u>23,051</u>	<u>44,491</u>	<u>161,406</u>	<u>4,082</u>	<u>233,030</u>
Fund balance - end of year	<u>\$ 26,570</u>	<u>\$ 45,589</u>	<u>\$ 192,883</u>	<u>\$ 3,989</u>	<u>\$ 269,031</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2016**

	Administrator's Academy Local	Children and Adolescent Local Area Network System	Criminal Background Investigation	Family Violence Coordinating Councils
Assets:				
Current assets:				
Cash and cash equivalents	\$ 9,502	\$ -	\$ 19,508	\$ 102
Due from other governments	1,500	-	-	-
Total assets	<u>11,002</u>	<u>-</u>	<u>19,508</u>	<u>102</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable	2	-	260	-
Noncurrent liabilities:				
Net pension liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2</u>	<u>-</u>	<u>260</u>	<u>-</u>
Net position:				
Unrestricted	<u>11,000</u>	<u>-</u>	<u>19,248</u>	<u>102</u>
Total net position	<u><u>\$ 11,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,248</u></u>	<u><u>\$ 102</u></u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION (Continued)  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2016**

	Life Education Local	Local Induction Mentoring Training Fees	Regional Alternative Attendance Center (RAAC)	ROE Workshops
Assets:				
Current assets:				
Cash and cash equivalents	\$ 135,724	\$ 46,517	\$ -	\$ 62,666
Due from other governments	11,471	-	-	3,455
Total assets	<u>147,195</u>	<u>46,517</u>	<u>-</u>	<u>66,121</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	947	-	-	1,492
Liabilities:				
Current liabilities:				
Accounts payable	-	-	-	11
Noncurrent liabilities:				
Net pension liability	1,327	-	-	2,090
Total liabilities	<u>1,327</u>	<u>-</u>	<u>-</u>	<u>2,101</u>
Net position:				
Unrestricted	<u>146,815</u>	<u>46,517</u>	<u>-</u>	<u>65,512</u>
Total net position	<u>\$ 146,815</u>	<u>\$ 46,517</u>	<u>\$ -</u>	<u>\$ 65,512</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION (Continued)  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2016**

	SALT Activity	School Crisis Assistance Team (SCAT) Donations	School Lunch Student Payments	Services Provided HUD
Assets:				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 104	\$ 1,740
Due from other governments	-	-	-	-
Total assets	-	-	104	1,740
Deferred outflows of resources:				
Deferred outflows related to pensions	-	-	-	-
Liabilities:				
Current liabilities:				
Accounts payable	-	-	-	-
Noncurrent liabilities:				
Net pension liability	-	-	-	-
Total liabilities	-	-	-	-
Net position:				
Unrestricted	-	-	104	1,740
Total net position	\$ -	\$ -	\$ 104	\$ 1,740

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION (Concluded)  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2016**

	SSOS Foundational Services	Supplemental Educational Services	Title I Workshops	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 12,962	\$ 103,552	\$ 6,982	\$ 399,359
Due from other governments	-	-	-	16,426
Total assets	<u>12,962</u>	<u>103,552</u>	<u>6,982</u>	<u>415,785</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	-	-	-	2,439
Liabilities:				
Current liabilities:				
Accounts payable	-	-	-	273
Noncurrent liabilities:				
Net pension liability	-	-	-	3,417
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,690</u>
Net position:				
Unrestricted	<u>12,962</u>	<u>103,552</u>	<u>6,982</u>	<u>414,534</u>
Total net position	<u>\$ 12,962</u>	<u>\$ 103,552</u>	<u>\$ 6,982</u>	<u>\$ 414,534</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Administrator's Academy Local	Children and Adolescent Local Area Network System	Criminal Background Investigation	Family Violence Coordinating Councils
Operating revenues:				
Charges for services	\$ 8,590	\$ -	\$ 9,300	\$ 230
Operating expenses:				
Salaries	2,412	-	-	-
Employee benefits	278	-	-	-
Pension expense	-	-	-	-
Purchased services	9,143	248	7,837	203
Supplies and materials	57	-	-	-
Other	500	-	-	-
Total operating expenses	12,390	248	7,837	203
Operating income (loss)	(3,800)	(248)	1,463	27
Nonoperating revenues:				
Interest	24	1	39	-
Pension benefit	-	-	-	-
Total nonoperating revenues	24	1	39	-
Income (loss) before transfers	(3,776)	(247)	1,502	27
Transfers out	-	(131)	-	-
Change in net position	(3,776)	(378)	1,502	27
Net position - beginning of year	14,776	378	17,746	75
Net position - end of year	\$ 11,000	\$ -	\$ 19,248	\$ 102

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION (Continued)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Life Education Local	Local Induction Mentoring Training Fees	Regional Alternative Attendance Center (RAAC)	ROE Workshops
Operating revenues:				
Charges for services	\$ 76,358	\$ 6,871	\$ 841	\$ 48,083
Operating expenses:				
Salaries	19,045	1,211	-	9,266
Employee benefits	1,568	244	-	494
Pension expense	-	-	-	697
Purchased services	16,490	4,525	80	35,726
Supplies and materials	8,078	-	-	1,723
Other	-	-	-	1,157
Total operating expenses	45,181	5,980	80	49,063
Operating income (loss)	31,177	891	761	(980)
Nonoperating revenues:				
Interest	250	89	6	117
Pension benefit	3,135	-	-	-
Total nonoperating revenues	3,385	89	6	117
Income (loss) before transfers	34,562	980	767	(863)
Transfers out	-	-	(3,288)	-
Change in net position	34,562	980	(2,521)	(863)
Net position - beginning of year	112,253	45,537	2,521	66,375
Net position - end of year	\$ 146,815	\$ 46,517	\$ -	\$ 65,512

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION (Continued)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	SALT Activity	School Crisis Assistance Team (SCAT) Donations	School Lunch Student Payments	Services Provided HUD
Operating revenues:				
Charges for services	\$ 491	\$ -	\$ 39	\$ 2,895
Operating expenses:				
Salaries	-	-	-	-
Employee benefits	-	-	-	-
Pension expense	-	-	-	-
Purchased services	11	101	12	1,158
Supplies and materials	6	-	-	-
Other	-	-	-	-
Total operating expenses	17	101	12	1,158
Operating income (loss)	474	(101)	27	1,737
Nonoperating revenues:				
Interest	5	5	-	3
Pension benefit	-	-	-	-
Total nonoperating revenues	5	5	-	3
Income (loss) before transfers	479	(96)	27	1,740
Transfers out	(2,689)	(2,485)	-	-
Change in net position	(2,210)	(2,581)	27	1,740
Net position - beginning of year	2,210	2,581	77	-
Net position - end of year	\$ -	\$ -	\$ 104	\$ 1,740

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION (Concluded)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	SSOS Foundational Services	Supplemental Educational Services	Title I Workshops	Total
Operating revenues:				
Charges for services	\$ 7,000	\$ -	\$ 3,008	\$ 163,706
Operating expenses:				
Salaries	-	-	-	31,934
Employee benefits	-	-	-	2,584
Pension expense	-	-	-	697
Purchased services	-	1,231	237	77,002
Supplies and materials	-	-	-	9,864
Other	-	-	-	1,657
Total operating expenses	-	1,231	237	123,738
Operating income (loss)	7,000	(1,231)	2,771	39,968
Nonoperating revenues:				
Interest	18	216	5	778
Pension benefit	594	-	-	3,729
Total nonoperating revenues	612	216	5	4,507
Income (loss) before transfers	7,612	(1,015)	2,776	44,475
Transfers out	-	-	-	(8,593)
Change in net position	7,612	(1,015)	2,776	35,882
Net position - beginning of year	5,350	104,567	4,206	378,652
Net position - end of year	\$ 12,962	\$ 103,552	\$ 6,982	\$ 414,534

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Administrator's Academy Local	Children and Adolescent Local Area Network System	Criminal Background Investigation	Family Violence Coordinating Councils
Cash flows from operating activities:				
Receipts from customers	\$ 7,090	\$ -	\$ 9,300	\$ 230
Payments to suppliers and providers of goods and services	(9,698)	(248)	(7,577)	(203)
Payments to employees	(2,690)	-	-	-
Net cash provided by (used for) operating activities	(5,298)	(248)	1,723	27
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(131)	-	-
Interfund loans repaid, net	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(131)	-	-
Cash flows from investing activities:				
Interest	24	1	39	-
Net cash provided by investing activities	24	1	39	-
Net increase (decrease) in cash	(5,274)	(378)	1,762	27
Cash and cash equivalents - beginning of year	14,776	378	17,746	75
Cash and cash equivalents - end of year	\$ 9,502	\$ -	\$ 19,508	\$ 102
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (3,800)	\$ (248)	\$ 1,463	\$ 27
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense (benefit) reconciliation	-	-	-	-
Change in assets and liabilities:				
(Increase) decrease in due from other governments	(1,500)	-	-	-
Increase (decrease) in accounts payable	2	-	260	-
Net cash provided by (used for) operating activities	\$ (5,298)	\$ (248)	\$ 1,723	\$ 27

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS (Continued)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Life Education Local	Local Induction Mentoring Training Fees	Regional Alternative Attendance Center (RAAC)	ROE Workshops
Cash flows from operating activities:				
Receipts from customers	\$ 82,677	\$ 17,271	\$ 841	\$ 44,628
Payments to suppliers and providers of goods and services	(24,568)	(4,525)	(80)	(38,767)
Payments to employees	(20,820)	(1,455)	-	(10,086)
Net cash provided by (used for) operating activities	<u>37,289</u>	<u>11,291</u>	<u>761</u>	<u>(4,225)</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	-	-	(3,288)	-
Interfund loans repaid, net	27,464	-	-	6
Net cash provided by (used for) noncapital financing activities	<u>27,464</u>	<u>-</u>	<u>(3,288)</u>	<u>6</u>
Cash flows from investing activities:				
Interest	250	89	6	117
Net cash provided by investing activities	<u>250</u>	<u>89</u>	<u>6</u>	<u>117</u>
Net increase (decrease) in cash	65,003	11,380	(2,521)	(4,102)
Cash and cash equivalents - beginning of year	<u>70,721</u>	<u>35,137</u>	<u>2,521</u>	<u>66,768</u>
Cash and cash equivalents - end of year	<u>\$ 135,724</u>	<u>\$ 46,517</u>	<u>\$ -</u>	<u>\$ 62,666</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 31,177	\$ 891	\$ 761	\$ (980)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense (benefit) reconciliation	(207)	-	-	371
Change in assets and liabilities:				
(Increase) decrease in due from other governments	6,319	10,400	-	(3,455)
Increase (decrease) in accounts payable	-	-	-	(161)
Net cash provided by (used for) operating activities	<u>\$ 37,289</u>	<u>\$ 11,291</u>	<u>\$ 761</u>	<u>\$ (4,225)</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS (Continued)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	SALT Activity	School Crisis Assistance Team (SCAT) Donations	School Lunch Student Payments	Services Provided HUD
Cash flows from operating activities:				
Receipts from customers	\$ 491	\$ -	\$ 39	\$ 2,895
Payments to suppliers and providers of goods and services	(17)	(101)	(12)	(1,158)
Payments to employees	-	-	-	-
Net cash provided by (used for) operating activities	<u>474</u>	<u>(101)</u>	<u>27</u>	<u>1,737</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	(2,689)	(2,485)	-	-
Interfund loans repaid, net	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(2,689)</u>	<u>(2,485)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest	5	5	-	3
Net cash provided by investing activities	<u>5</u>	<u>5</u>	<u>-</u>	<u>3</u>
Net increase (decrease) in cash	(2,210)	(2,581)	27	1,740
Cash and cash equivalents - beginning of year	2,210	2,581	77	-
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ 1,740</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 474	\$ (101)	\$ 27	\$ 1,737
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense (benefit) reconciliation	-	-	-	-
Change in assets and liabilities:				
(Increase) decrease in due from other governments	-	-	-	-
Increase (decrease) in accounts payable	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 474</u>	<u>\$ (101)</u>	<u>\$ 27</u>	<u>\$ 1,737</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS (Concluded)  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	SSOS Foundational Services	Supplemental Educational Services	Title I Workshops	Total
Cash flows from operating activities:				
Receipts from customers	\$ 7,000	\$ -	\$ 3,008	\$ 175,470
Payments to suppliers and providers of goods and services	-	(1,231)	(237)	(88,422)
Payments to employees	-	-	-	(35,051)
Net cash provided by (used for) operating activities	<u>7,000</u>	<u>(1,231)</u>	<u>2,771</u>	<u>51,997</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	-	-	-	(8,593)
Interfund loans repaid, net	-	22,905	-	50,375
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>22,905</u>	<u>-</u>	<u>41,782</u>
Cash flows from investing activities:				
Interest	18	216	5	778
Net cash provided by investing activities	<u>18</u>	<u>216</u>	<u>5</u>	<u>778</u>
Net increase (decrease) in cash	7,018	21,890	2,776	94,557
Cash and cash equivalents - beginning of year	5,944	81,662	4,206	304,802
Cash and cash equivalents - end of year	<u>\$ 12,962</u>	<u>\$ 103,552</u>	<u>\$ 6,982</u>	<u>\$ 399,359</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 7,000	\$ (1,231)	\$ 2,771	\$ 39,968
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense (benefit) reconciliation	-	-	-	164
Change in assets and liabilities:				
(Increase) decrease in due from other governments	-	-	-	11,764
Increase (decrease) in accounts payable	-	-	-	101
Net cash provided by (used for) operating activities	<u>\$ 7,000</u>	<u>\$ (1,231)</u>	<u>\$ 2,771</u>	<u>\$ 51,997</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the year ended June 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Distributive Fund</u>				
Assets				
Cash and cash equivalents	\$ 25	\$ 3,404,664	\$ 3,404,608	\$ 81
Due from other governments	5,620	214,899	5,620	214,899
Total Assets	<u>\$ 5,645</u>	<u>\$ 3,619,563</u>	<u>\$ 3,410,228</u>	<u>\$ 214,980</u>
Liabilities				
Due to other governments	<u>\$ 5,645</u>	<u>\$ 3,619,563</u>	<u>\$ 3,410,228</u>	<u>\$ 214,980</u>

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT  
TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND**

**For the year ended June 30, 2016**

	I-KAN ROE No. 32	Iroquois Area Del #370	Kankakee Regional System #120	Kankakee Area Career Center	Total
<b>State Funds</b>					
General State Aid - Sec. 18-8	\$ 800,333	\$ -	\$ -	\$ -	800,333
General State Aid - Loss Limit	36,545	-	-	-	36,545
Voc. Ed. - Career and Technical Ed Improvement	-	108,610	716,338	-	824,948
State Free Lunch & Breakfast	272	-	-	-	272
Transportation Regular and Vocational	-	-	-	4,175	4,175
Truants Alternative/Optional Ed.	162,530	-	-	-	162,530
Regional Safe Schools	74,291	-	-	-	74,291
ROE/ISC Operations	-	-	-	-	-
Regional Safe Schools Cooperative Ed. Program	31,408	-	-	-	31,408
<b>Total State Funds</b>	<b>1,105,379</b>	<b>108,610</b>	<b>716,338</b>	<b>4,175</b>	<b>1,934,502</b>
<b>Federal Funds</b>					
National School Lunch Program	18,748	-	-	-	18,748
School Breakfast Program	13,197	-	-	-	13,197
IASA - Title I - School Improvement and Accountability	653,142	-	-	-	653,142
V.E. - Perkins - Title IIC - Secondary	-	45,067	230,967	-	276,034
McKinney Education for Homeless Children	176,703	-	-	-	176,703
Title II - Teacher Quality	292	-	-	-	292
IASA - Title II - Teacher Quality - Leadership	5,915	-	-	-	5,915
Math and Science Partnerships	326,075	-	-	-	326,075
<b>Total Federal Funds</b>	<b>1,194,072</b>	<b>45,067</b>	<b>230,967</b>	<b>-</b>	<b>1,470,106</b>
<b>Total distributions</b>	<b>\$ 2,299,451</b>	<b>\$ 153,677</b>	<b>\$ 947,305</b>	<b>\$ 4,175</b>	<b>\$ 3,404,608</b>

**FEDERAL COMPLIANCE SECTION**

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Education:</b>				
Rural Education				
Rural Education Achievement Program	84.358A	S358A148175		\$ 8,330
<i>Passed through Illinois State Board of Education</i>				
Title I Grants to Local Educational Agencies				
(M) System of Support Title I - School Improvement & Accountability	84.010A	16-4331-SS	\$ 182,277	637,103
(M) System of Support Title I - School Improvement & Accountability	84.010A	15-4331-SS	12,929	31,564
Total Title I Grants to Local Educational Agencies			<u>195,206</u>	<u>668,667</u>
Education for Homeless Children and Youth				
McKinney Education for Homeless Children	84.196A	16-4920-00	124,559	198,789
McKinney Education for Homeless Children	84.196A	15-4920-00	10,185	15,993
Total Education for Homeless Children and Youth			<u>134,744</u>	<u>214,782</u>
Improving Teacher Quality State Grants				
Title II - Teacher Quality	84.367A	16-4932-00		292
Title II - Teacher Quality - Leadership Grant	84.367A	16-4935-02		4,493
Total Improving Teacher Quality State Grants				<u>4,785</u>
Mathematics and Science Partnerships				
Mathematics and Science Partnerships	84.366B	16-4936-SA		85,139
Mathematics and Science Partnerships	84.366B	15-4936-SA		249,994
Total Mathematics and Science Partnerships				<u>335,133</u>
Total passed through Illinois State Board of Education			<u>329,950</u>	<u>1,223,367</u>
Total U.S. Department of Education			<u>329,950</u>	<u>1,231,697</u>
<b>U.S. Department of Justice:</b>				
<i>Passed through Illinois Violence Prevention Authority</i>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Arrest Grant	16.590	384121		8,217
Total U.S. Department of Justice				<u>8,217</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For the year ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>				
Drug Free Communities Support Program Grants	93.276	1H79SP021055-01		<u>59,842</u>
<i>Passed through State of Illinois Department of Human Services</i>				
Block Grants for Prevention and Treatment of Substance Abuse Addiction Prevention Comprehensive	93.959	FCSUP01419		<u>200,319</u>
Substance Abuse and Mental Health Services Strategic Prevention Framework - Partnerships for Success	93.243	FCSUP03863		<u>67,792</u>
Total passed through State of Illinois Department of Human Services				<u>268,111</u>
<i>Passed through Administrative Office of the Illinois Courts</i>				
State Court Improvement Program				
Child Protection Data Courts Project	93.586	CIP Data G-1503		342
Child Protection Data Courts Project	93.586	CIP Data G-1403		913
Total State Court Improvement Program				<u>1,255</u>
Total U.S. Department of Health and Human Services				<u>329,208</u>
<b>U.S. Department of Agriculture:</b>				
<i>Passed through Illinois State Board of Education</i>				
Child Nutrition Cluster				
School Breakfast Program				
School Breakfast Program	10.553	16-4220-00		11,541
School Breakfast Program	10.553	15-4220-00		1,656
Total School Breakfast Program				<u>13,197</u>
National School Lunch Program				
National School Lunch Program	10.555	16-4210-00		16,810
National School Lunch Program	10.555	15-4210-00		1,938
Total National School Lunch Program				<u>18,748</u>
Total Child Nutrition Cluster				<u>31,945</u>
Total U.S. Department of Agriculture				<u>31,945</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)  
For the year ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>				
Continuum of Care Program				
HUD Supportive Housing Program	14.267	IL0282L5T121407		40,899
HUD Supportive Housing Program	14.267	IL0282L5T121306		12,010
Total Continuum of Care Program				<u>52,909</u>
 Total U.S. Department of Housing and Urban Development				 <u>52,909</u>
 <b>TOTAL</b>			 <u>\$ 329,950</u>	 <u>\$ 1,653,976</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**IROQUOIS AND KANKAKEE COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2016**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Regional Office of Education No. 32 under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Regional Office of Education No. 32, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education No. 32.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. INDIRECT COST RATES**

The Regional Office of Education No. 32 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.