

State of Illinois
DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
FINANCIAL AUDIT
For the Year Ended June 30, 2015

Performed as Special Assistant Auditors
For the Office of the Auditor General

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 JUNE 30, 2015

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DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
JUNE 30, 2015

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

Mr. Mark Jontry

Assistant Regional Superintendent
(Current and During the Audit Period)

Ms. Diane Wolf

Office is located at:

200 W. Front Street, Suite 500 D
Bloomington, IL 61701

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 JUNE 30, 2015

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Finding Type</u> |
|-----------------|-------------|--------------------|---------------------|
|-----------------|-------------|--------------------|---------------------|

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

| | | | |
|----------|-----|---|-------------------|
| 2015-001 | 11a | Controls over Financial Statement Preparation | Material Weakness |
| 2015-002 | 11c | Inadequate Support for Salaries Allocated to Restricted Fund | Noncompliance |
| 2015-003 | 11d | Insufficient Collateralization of Bank Deposits | Noncompliance |

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

| | | | |
|----------|----|--|-------------------|
| 2014-002 | 13 | Inadequate Internal Control Procedures | Material Weakness |
| 2014-003 | 13 | Noncompliance with School Facility Occupation Tax Statute | Noncompliance |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
JUNE 30, 2015

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 7, 2015. Attending were Mr. Mark Jontry, Regional Superintendent; Angie Fox, Business Manager; Matthew Price, CPA, Kemper CPA Group LLP; and Karen Bojda, CPA, Kemper CPA Group LLP. Responses to the recommendations were provided by Mr. Mark Jontry, Regional Superintendent.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
JUNE 30, 2015

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the DeWitt/Livingston/McLean Counties Regional Office of Education #17 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #17's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeWitt/Livingston/McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the DeWitt/Livingston/McLean Counties Regional Office of Education #17'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 DeWitt/Livingston/McLean Counties Regional Office of Education #17, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 15 to the financial statements, the DeWitt/Livingston/McLean Counties Regional Office of Education #17 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 14, the DeWitt/Livingston/McLean Counties Regional Office of Education #17 will consolidate Logan County into its educational service region effective July 1, 2015.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability, & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of Illinois Schedule of Employer Contributions, and Other Postemployment Benefits – Health Insurance Plan for Retired Employees Schedule of Funding Progress on pages 14a through 14f and 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeWitt/Livingston/McLean Counties Regional Office of Education #17's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of the DeWitt/Livingston/McLean Counties Regional Office of Education #17's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeWitt/Livingston/McLean Counties Regional Office of Education #17's internal control over financial reporting and compliance.



*Certified Public Accountants
and Consultants*

Mattoon, Illinois
February 19, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of DeWitt/Livingston/McLean Counties Regional Office of Education #17, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise DeWitt/Livingston/McLean Counties Regional Office of Education #17's basic financial statements and have issued our report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DeWitt/Livingston/McLean Counties Regional Office of Education #17'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 DeWitt/Livingston/McLean Counties Regional Office of Education #17's internal control. Accordingly, we do not express an opinion on the effectiveness of DeWitt/Livingston/McLean Counties Regional Office of Education #17's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or

detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeWitt/Livingston/McLean Counties Regional Office of Education #17'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2015-002 and 2015-003.

DeWitt/Livingston/McLean Counties Regional Office of Education #17's Responses to Findings

DeWitt/Livingston/McLean Regional Office of Education #17's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. DeWitt/Livingston/McLean Counties Regional Office of Education #17'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 DeWitt/Livingston/McLean Counties Regional Office of Education #17's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeWitt/Livingston/McLean Counties Regional Office of Education #17's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Certified Public Accountants
and Consultants*

Mattoon, Illinois
February 19, 2016

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

| | |
|---|---------------|
| Type of auditors’ report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness identified? | Yes |
| • Significant deficiencies identified? | None reported |
| Noncompliance material to financial statements noted? | Yes |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)

Criteria/Specific Requirement:

The Regional Office of Education #17 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

The Regional Office of Education #17 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Concluded)

Effect:

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

Cause:

According to the ROE management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements. In addition, the complex requirements of GASB Statements No.68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can attempt to implement the requirements on its own.

Auditor's Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #17 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The Regional Office of Education #17 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office will continue to provide training for staff in utilizing the full range of financial technology that exists.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-002 – Inadequate Support for Salaries Allocated to Restricted Fund

Criteria/Specific Requirement:

According to the Illinois State Board of Education *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*, for employees who work on multiple activities or cost objectives paid from restricted funds, the allocation of their salaries or wages should be supported by personnel activity reports, time and effort studies, or equivalent documentation.

Condition:

During testing, auditors noted a lack of documentation to support the salaries allocated to the Bus Driver fund.

Effect:

Lack of documentation for salaries allocated to restricted funds could result in expenditures being paid from such funds that do not support the specific purpose of those funds.

Cause:

The Regional Office has not established policies and procedures to ensure adequate support and documentation of the allocation of salaries to programs or funds with restricted funding.

Auditor's Recommendation:

The Regional Office should allocate salaries to programs and funds with restricted funding based on personnel activity reports, time and effort studies, or equivalent documentation.

Management's Response:

The Regional Office of Education has completed a time and effort study to support the allocation of salaries from the Bus Driver fund for personnel tasked with Bus Driver training duties.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2015-003 – Insufficient Collateralization of Bank Deposits

Criteria/Specific Requirement:

The Regional Office is permitted to invest in securities as authorized by the Illinois Public Funds Investment Act (30 ILCS 235/1 et. seq.) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #17's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

Condition:

At June 30, 2015, \$79,973 of the Regional Office of Education #17's \$3,443,370 cash deposited with financial institutions was uncollateralized and uninsured.

Effect:

Uncollateralized and uninsured bank deposits are subject to custodial credit risk, which is the risk that, in the event of bank failure, the Regional Office of Education #17's deposits may not be returned to it.

Cause:

The financial institution and the Regional Office failed to monitor deposit and collateral balances.

Auditor's Recommendation:

The Regional Office of Education #17 should monitor collateral balances throughout the year to ensure sufficient collateral is held to secure its bank deposits.

Management's Response:

The Regional Office of Education has secured sufficient collateralization of all deposits and has implemented safeguards to maintain sufficient collateralization in the future.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-001 – Controls over Financial Statement Preparation

Condition:

The Regional Office of Education #17 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

Plan:

The Regional Office of Education #17 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office of Education will continue to provide training for staff in utilizing the full range of financial technology that exists.

Anticipated Date of Completion:

Ongoing

Contact Person Responsible for Corrective Action:

Honorable Mark Jontry, Regional Superintendent of Schools

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan (Continued)

Finding No. 2015-002 – Inadequate Support for Salaries Allocated to Restricted Fund

Condition:

During testing, auditors noted a lack of documentation to support the salaries allocated to the Bus Driver fund.

Plan:

A time and effort study has been completed to support the allocation from the Bus Driver fund for the staff member tasked with said duties.

Anticipated Date of Completion:

Completed

Contact Person Responsible for Corrective Action:

Honorable Mark Jontry, Regional Superintendent of Schools

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF FINDINGS AND RESPONSES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan (Concluded)

Finding No. 2015-003 – Insufficient Collateralization of Bank Deposits

Condition:

At June 30, 2015, \$79,973 of the Regional Office of Education #17's \$3,443,370 cash deposited with financial institutions was uncollateralized and uninsured.

Plan:

The Regional Office of Education has secured sufficient collateralization of all deposits and has implemented safeguards to maintain sufficient collateralization in the future.

Anticipated Date of Completion:

Completed

Contact Person Responsible for Corrective Action:

Honorable Mark Jontry, Regional Superintendent of Schools

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

| <u>Finding No.</u> | <u>Condition</u> | <u>Current Status</u> |
|--------------------|--|-----------------------|
| 2014-001 | Controls over Financial Statement Preparation | Repeated as 2015-001 |
| 2014-002 | Inadequate Internal Control Procedures | Corrected |
| 2014-003 | Noncompliance with School Facility Occupation Tax Statute | Corrected |

MANAGEMENT'S DISCUSSION AND ANALYSIS

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The DeWitt/Livingston/McLean Counties Regional Office of Education #17 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follows.

2015 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$710,406 from \$3,403,713 in FY14 to \$2,693,307 in FY15. General Fund expenditures decreased by \$534,691 from \$3,511,602 in FY14 to \$2,976,911 in FY15. This was the result of the decrease of the billable educational services, certain on-behalf payments that are now included only in the government-wide Statement of Activities as a result of implementing GASB 68, and fewer instructional personnel.
- Within the Governmental Funds, the Education Fund and Nonmajor Special Revenue Funds revenue increased by \$267,178, from \$769,504 in FY14 to \$1,036,682 in FY15. The Special Revenue Fund expenditures increased by \$193,558, from \$739,447 in FY14 to \$933,005 in FY15. These increases resulted from an increase in grant funding and the addition of grants and their associated expenditures.
- Within the Proprietary Funds, revenues decreased by \$47,880 from \$98,651 in FY14 to \$50,771 in FY15. Expenditures decreased \$56,090 from \$118,893 in FY14 to \$62,803 in FY15. This was a result of fewer activities and personnel for workshops for professional development being supplemented from other funds.

Using This Report

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

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Reporting the Office as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

The Regional Office has three kinds of funds:

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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

3. Fiduciary funds are used to account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Office-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 FY15 totaled \$2,505,864. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2015 and 2014.

CONDENSED STATEMENT OF NET POSITION
June 30, 2015 and 2014

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current assets | \$ 2,451,936 | \$ 2,642,491 | \$ 32,682 | \$ 50,246 | \$ 2,484,618 | \$ 2,692,737 |
| Noncurrent, net | 443,928 | 474,055 | 1,762 | 1,677 | 445,690 | 475,732 |
| Total assets | <u>2,895,864</u> | <u>3,116,546</u> | <u>34,444</u> | <u>51,923</u> | <u>2,930,308</u> | <u>3,168,469</u> |
| Deferred outflows of resources | 235,479 | - | - | - | 235,479 | - |
| Current liabilities | 169,075 | 176,918 | 253 | 5,700 | 169,328 | 182,618 |
| Noncurrent liabilities | 444,794 | 2,403 | - | - | 444,794 | 2,403 |
| Total liabilities | <u>613,869</u> | <u>179,321</u> | <u>253</u> | <u>5,700</u> | <u>614,122</u> | <u>185,021</u> |
| Deferred inflows of resources | 45,801 | - | - | - | 45,801 | - |
| Net position: | | | | | | |
| Invested in capital assets | 443,928 | 474,055 | 1,762 | 1,677 | 445,690 | 475,732 |
| Restricted for educational purposes | 249,897 | 149,487 | - | - | 249,897 | 149,487 |
| Unrestricted | <u>1,777,848</u> | <u>2,313,683</u> | <u>32,429</u> | <u>44,546</u> | <u>1,810,277</u> | <u>2,358,229</u> |
| Total net position | <u>\$ 2,471,673</u> | <u>\$ 2,937,225</u> | <u>\$ 34,191</u> | <u>\$ 46,223</u> | <u>\$ 2,505,864</u> | <u>\$ 2,983,448</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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

CHANGES IN NET POSITION
For the Years Ended June 30, 2015 and 2014

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ - | \$ - | \$ 50,771 | \$ 98,651 | \$ 50,771 | \$ 98,651 |
| Operating grants and contributions | 827,067 | 519,319 | - | - | 827,067 | 519,319 |
| General revenues: | | | | | | |
| Local sources | 1,279,432 | 1,299,586 | - | - | 1,279,432 | 1,299,586 |
| State sources | 1,339,802 | 1,599,318 | - | - | 1,339,802 | 1,599,318 |
| Administrative: | | | | | | |
| On-behalf payments - State | 844,590 | 757,810 | - | - | 844,590 | 757,810 |
| Loss on disposal of assets | (1,361) | (425) | - | - | (1,361) | (425) |
| Change in net OPEB liability | - | 4,632 | - | - | - | 4,632 |
| Interest | 31 | - | - | 149 | 31 | 149 |
| Total revenues | <u>4,289,561</u> | <u>4,180,240</u> | <u>50,771</u> | <u>98,800</u> | <u>4,340,332</u> | <u>4,279,040</u> |
| Expenses: | | | | | | |
| Program expenses: | | | | | | |
| Instructional services: | | | | | | |
| Salaries and benefits | 2,376,522 | 2,595,905 | - | 38,371 | 2,376,522 | 2,634,276 |
| Purchased services | 655,649 | 564,309 | 46,819 | 46,951 | 702,468 | 611,260 |
| Supplies and materials | 138,596 | 120,123 | 13,613 | 33,523 | 152,209 | 153,646 |
| Payments to other governments | 88,465 | 78,051 | - | - | 88,465 | 78,051 |
| Other objects | 130,741 | 86,397 | 1,796 | - | 132,537 | 86,397 |
| Depreciation expense | 68,844 | 61,793 | 575 | 48 | 69,419 | 61,841 |
| Pension expense | 134,573 | - | - | - | 134,573 | - |
| Administrative: | | | | | | |
| On-behalf payments - State | 844,590 | 757,810 | - | - | 844,590 | 757,810 |
| Total expenses | <u>4,437,980</u> | <u>4,264,388</u> | <u>62,803</u> | <u>118,893</u> | <u>4,500,783</u> | <u>4,383,281</u> |
| Excess (Deficiency) of Revenues over Expenditures | (148,419) | (84,148) | (12,032) | (20,093) | (160,451) | (104,241) |
| Other Financing Sources (Uses): | | | | | | |
| Operating transfers | - | (23,512) | - | 23,512 | - | - |
| Change in net position | (148,419) | (107,660) | (12,032) | 3,419 | (160,451) | (104,241) |
| Net position, beginning of year, restated | | | | | | |
| | <u>2,620,092</u> | <u>3,044,885</u> | <u>46,223</u> | <u>42,804</u> | <u>2,666,315</u> | <u>3,087,689</u> |
| Net position, end of year | <u>\$ 2,471,673</u> | <u>\$ 2,937,225</u> | <u>\$ 34,191</u> | <u>\$ 46,223</u> | <u>\$ 2,505,864</u> | <u>\$ 2,983,448</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Governmental Activities

Revenues for governmental activities were \$4,289,561 and expenses were \$4,437,980. The Regional Office experienced a decrease in net position of \$148,419. This was a result of spending more General State Aid excess cash on hand due to a decrease of state and federal grants. As described in Note 15 to the financial statements, beginning net position was restated as the result of recognizing a net pension liability and related deferred inflow and outflows of resources.

Financial Analysis of the Regional Office's 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 \$2,282,861 for FY15, a decrease of \$179,896 from the FY14 fund balance of \$2,462,757.

Governmental Fund Highlights:

- County support for the Regional Office remained relatively flat in FY15.
- The State Aid Foundation Level was reduced to 89% of the Foundation Level of \$6,119 for FY15.

Proprietary Fund Highlights:

- In FY15, the Regional Office offered 115 administrator and teacher workshops. The Regional Office anticipates having at least 100 workshops in FY16.

Budgetary Highlights:

The Regional Office annually adopts budgets for several funds, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the Regional Office's actual financial activity is included in the supplementary section of this report on pages 76 through 86.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Capital Assets

Capital assets of the Regional Office include office equipment, lease improvements, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. Governmental activities net capital assets were \$443,928 for FY15 and \$474,055 for FY14. Depreciation expense that exceeded current-year capital asset additions caused the net book value of capital assets to decrease in FY15.

Economic Factors and Next Year's Budget

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

- The interest rate on investments continues to increase very slightly and will impact interest earned.
- The state will prorate General State Aid at 94% of Foundation Level.
- County funding for FY16 increased slightly above the FY15 level.
- Receipt of monies from the State continues to be slow due to the State's budget issues and backlogs.
- The ISBE-mandated consolidation of Regional Offices of Education resulted in our consolidating Logan County into our Educational Service Region as of July 1, 2015.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the DeWitt/Livingston/McLean Counties Regional Office of Education #17 at 200 W. Front Street, Suite 500 D, Bloomington, IL 61701.

BASIC FINANCIAL STATEMENTS

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET POSITION
JUNE 30, 2015

| | Primary Government | | |
|--|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 2,089,656 | \$ 23,714 | \$ 2,113,370 |
| Accounts receivable | - | 8,968 | 8,968 |
| Due from other governments: | | | |
| Local | 211,200 | - | 211,200 |
| State | 8,256 | - | 8,256 |
| Federal | 142,824 | - | 142,824 |
| Total Current Assets | <u>2,451,936</u> | <u>32,682</u> | <u>2,484,618</u> |
| Noncurrent Assets: | | | |
| Capital assets, being depreciated, net | 443,928 | 1,762 | 445,690 |
| Total Noncurrent Assets | <u>443,928</u> | <u>1,762</u> | <u>445,690</u> |
| TOTAL ASSETS | <u>2,895,864</u> | <u>34,444</u> | <u>2,930,308</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | <u>235,479</u> | <u>-</u> | <u>235,479</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 9,887 | 253 | 10,140 |
| Accrued salaries and benefits | 155,090 | - | 155,090 |
| Unearned revenue | 4,098 | - | 4,098 |
| Total Current Liabilities | <u>169,075</u> | <u>253</u> | <u>169,328</u> |
| Noncurrent Liabilities: | | | |
| Net pension liability | 435,613 | - | 435,613 |
| Net OPEB liability | 9,181 | - | 9,181 |
| Total Noncurrent Liabilities | <u>444,794</u> | <u>-</u> | <u>444,794</u> |
| TOTAL LIABILITIES | <u>613,869</u> | <u>253</u> | <u>614,122</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | <u>45,801</u> | <u>-</u> | <u>45,801</u> |
| NET POSITION | | | |
| Invested in capital assets | 443,928 | 1,762 | 445,690 |
| Restricted for educational purposes | 249,897 | - | 249,897 |
| Unrestricted | 1,777,848 | 32,429 | 1,810,277 |
| TOTAL NET POSITION | <u>\$ 2,471,673</u> | <u>\$ 34,191</u> | <u>\$ 2,505,864</u> |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------|-------------------------|--|--|-----------------------------|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Instructional Services | | | | | | |
| Salaries and benefits | \$ 2,376,522 | \$ - | \$ 402,085 | \$ (1,974,437) | \$ - | \$ (1,974,437) |
| Purchased services | 655,649 | - | 246,719 | (408,930) | - | (408,930) |
| Supplies and materials | 138,596 | - | 49,720 | (88,876) | - | (88,876) |
| Other objects | 130,741 | - | - | (130,741) | - | (130,741) |
| Depreciation | 68,844 | - | - | (68,844) | - | (68,844) |
| Capital outlay | - | - | 40,078 | 40,078 | - | 40,078 |
| Payments to other governments | 88,465 | - | 88,465 | - | - | - |
| Pension expense | 134,573 | - | - | (134,573) | - | (134,573) |
| Administrative: | | | | | | |
| On-behalf payments - State | 844,590 | - | - | (844,590) | - | (844,590) |
| Total Governmental Activities | 4,437,980 | - | 827,067 | (3,610,913) | - | (3,610,913) |
| Business-Type Activities: | | | | | | |
| Charges for services | 62,803 | 50,771 | - | - | (12,032) | (12,032) |
| Total Business-Type Activities | 62,803 | 50,771 | - | - | (12,032) | (12,032) |
| TOTAL PRIMARY GOVERNMENT | \$ 4,500,783 | \$ 50,771 | \$ 827,067 | (3,610,913) | (12,032) | (3,622,945) |
| GENERAL REVENUES: | | | | | | |
| Local sources | | | | 1,279,432 | - | 1,279,432 |
| State sources | | | | 1,339,802 | - | 1,339,802 |
| On-behalf payments - State | | | | 844,590 | - | 844,590 |
| Loss on disposal of capital assets | | | | (1,361) | - | (1,361) |
| Investment earnings | | | | 31 | - | 31 |
| Total General Revenues and Transfers | | | | 3,462,494 | - | 3,462,494 |
| CHANGE IN NET POSITION | | | | (148,419) | (12,032) | (160,451) |
| NET POSITION - BEGINNING, (Restated, See Note 15) | | | | 2,620,092 | 46,223 | 2,666,315 |
| NET POSITION - ENDING | | | | \$ 2,471,673 | \$ 34,191 | \$ 2,505,864 |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

| | General Fund | Education Fund | Nonmajor Special Revenue Funds | Eliminations | Total Governmental Funds |
|---|---------------------|-------------------|--------------------------------------|---------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,820,361 | \$ 115,349 | \$ 153,946 | \$ - | \$ 2,089,656 |
| Due from other funds | 167,859 | - | - | (167,859) | - |
| Due from other governments: | | | | | |
| Local | 177,833 | 33,327 | 40 | - | 211,200 |
| State | 49 | 8,207 | - | - | 8,256 |
| Federal | 734 | 142,090 | - | - | 142,824 |
| TOTAL ASSETS | \$ 2,166,836 | \$ 298,973 | \$ 153,986 | \$ (167,859) | \$ 2,451,936 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 9,887 | \$ - | \$ - | \$ - | \$ 9,887 |
| Accrued salaries and benefits | 123,985 | 30,335 | 770 | - | 155,090 |
| Due to other funds | - | 167,859 | - | (167,859) | - |
| Unearned revenue | - | 4,098 | - | - | 4,098 |
| Total Liabilities | 133,872 | 202,292 | 770 | (167,859) | 169,075 |
| FUND BALANCE (DEFICIT) | | | | | |
| Restricted | - | 96,681 | 153,216 | - | 249,897 |
| Assigned | 361,158 | - | - | - | 361,158 |
| Unassigned | 1,671,806 | - | - | - | 1,671,806 |
| Total Fund Balance (Deficit) | 2,032,964 | 96,681 | 153,216 | - | 2,282,861 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 2,166,836 | \$ 298,973 | \$ 153,986 | \$ (167,859) | \$ 2,451,936 |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2015

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 2,282,861

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 443,928

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 | \$ 235,479 | |
| Deferred inflows of resources | <u>(45,801)</u> | 189,678 |

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 | \$ (323,335) | |
| TRS net pension liability | <u>(112,278)</u> | (435,613) |

The OPEB obligations resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and, therefore, are not reported in the governmental funds. (9,181)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,471,673

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | General Fund | Education Fund | Nonmajor Special Revenue Funds | Eliminations | Total Governmental Funds |
|--|---------------------|-------------------|--------------------------------------|--------------|--------------------------------|
| REVENUES | | | | | |
| Local sources | \$ 1,057,700 | \$ 94,626 | \$ 127,106 | \$ - | \$ 1,279,432 |
| State sources | 1,314,582 | 386,881 | 1,546 | - | 1,703,009 |
| On-behalf payments - State | 280,872 | - | - | - | 280,872 |
| Federal sources | 40,153 | 426,523 | - | - | 466,676 |
| Total Revenues | <u>2,693,307</u> | <u>908,030</u> | <u>128,652</u> | <u>-</u> | <u>3,729,989</u> |
| EXPENDITURES | | | | | |
| Instructional Services: | | | | | |
| Salaries and benefits | 1,919,577 | 437,670 | 12,497 | - | 2,369,744 |
| Pension expense | 172,415 | 32,359 | 997 | - | 205,771 |
| Purchased services | 363,402 | 257,291 | 34,956 | - | 655,649 |
| Supplies and materials | 71,859 | 64,239 | 2,498 | - | 138,596 |
| Other objects | 130,728 | - | 13 | - | 130,741 |
| Payments to other governments | - | 88,465 | - | - | 88,465 |
| On-behalf payments - State | 280,872 | - | - | - | 280,872 |
| Capital outlay | 38,058 | 1,469 | 551 | - | 40,078 |
| Total Expenditures | <u>2,976,911</u> | <u>881,493</u> | <u>51,512</u> | <u>-</u> | <u>3,909,916</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | | |
| | <u>(283,604)</u> | <u>26,537</u> | <u>77,140</u> | <u>-</u> | <u>(179,927)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 5,000 | 4,394 | 124 | (9,518) | - |
| Transfers out | (4,518) | (5,000) | - | 9,518 | - |
| Interest income | - | - | 31 | - | 31 |
| Total Other Financing Sources (Uses) | <u>482</u> | <u>(606)</u> | <u>155</u> | <u>-</u> | <u>31</u> |
| NET CHANGE IN FUND BALANCE | <u>(283,122)</u> | <u>25,931</u> | <u>77,295</u> | <u>-</u> | <u>(179,896)</u> |
| FUND BALANCE - BEGINNING | <u>2,316,086</u> | <u>70,750</u> | <u>75,921</u> | <u>-</u> | <u>2,462,757</u> |
| FUND BALANCE - ENDING | <u>\$ 2,032,964</u> | <u>\$ 96,681</u> | <u>\$ 153,216</u> | <u>\$ -</u> | <u>\$ 2,282,861</u> |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
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, 2015

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ (179,896)

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

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

| | | |
|------------------------------------|----------------|----------|
| Capital outlay | \$ 40,078 | |
| Depreciation | (68,844) | |
| Loss on disposal of capital assets | <u>(1,361)</u> | (30,127) |

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

| | |
|--------------------------------|---------|
| Prior year unavailable revenue | (2,816) |
|--------------------------------|---------|

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

| | |
|---|---------|
| Current year increase in net OPEB liability | (6,778) |
|---|---------|

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 | \$ 205,771 | |
| Cost of benefits earned, net | <u>(134,573)</u> | <u>71,198</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (148,419)

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

| | Business-Type Activities Enterprise Fund | |
|--|---|-----------|
| | Professional Development | Total |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 23,714 | \$ 23,714 |
| Accounts receivable | 8,968 | 8,968 |
| Total current assets | 32,682 | 32,682 |
| Noncurrent assets: | | |
| Capital assets, being depreciated, net | 1,762 | 1,762 |
| TOTAL ASSETS | 34,444 | 34,444 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 253 | 253 |
| TOTAL LIABILITIES | 253 | 253 |
| NET POSITION | | |
| Net investment in capital assets | 1,762 | 1,762 |
| Unrestricted | 32,429 | 32,429 |
| TOTAL NET POSITION | \$ 34,191 | \$ 34,191 |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Business-Type Activities - Enterprise Fund | |
|---------------------------------------|---|-----------|
| | Professional Development | Total |
| OPERATING REVENUES | | |
| Charges for services | \$ 50,771 | \$ 50,771 |
| Total Operating Revenues | 50,771 | 50,771 |
| OPERATING EXPENSES | | |
| Purchased services | 46,819 | 46,819 |
| Supplies and materials | 13,613 | 13,613 |
| Other objects | 1,796 | 1,796 |
| Depreciation | 575 | 575 |
| Total Operating Expenses | 62,803 | 62,803 |
| CHANGE IN NET POSITION | (12,032) | (12,032) |
| TOTAL NET POSITION - BEGINNING | 46,223 | 46,223 |
| TOTAL NET POSITION - ENDING | \$ 34,191 | \$ 34,191 |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Business-Type Activities - Enterprise Fund | |
|---|---|-------------|
| | Professional Development | Total |
| Cash Flows from Operating Activities: | | |
| Receipts from customers | \$ 41,803 | \$ 41,803 |
| Payments to suppliers and providers of goods and services | (67,675) | (67,675) |
| Net Cash Provided by (Used for) Operating Activities | (25,872) | (25,872) |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition of capital assets | (660) | (660) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (660) | (660) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (26,532) | (26,532) |
| Cash and cash equivalents - Beginning | 50,246 | 50,246 |
| Cash and cash equivalents - Ending | \$ 23,714 | \$ 23,714 |
| Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities: | | |
| Operating Loss | \$ (12,032) | \$ (12,032) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities: | | |
| Depreciation expense | 575 | 575 |
| (Increase) decrease in assets: | | |
| Increase in accounts receivable | (8,968) | (8,968) |
| Increase (decrease) in liabilities: | | |
| Decrease in accounts payable | (5,447) | (5,447) |
| Net Cash Used for Operating Activities | \$ (25,872) | \$ (25,872) |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

| | <u>Agency Funds</u> |
|----------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 291,261 |
| Due from other governments | <u>1,699,937</u> |
| Total Assets | <u><u>\$ 1,991,198</u></u> |
| LIABILITIES | |
| Due to other governments | <u>\$ 1,991,198</u> |
| Total Liabilities | <u><u>\$ 1,991,198</u></u> |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DeWitt/Livingston/McLean Counties Regional Office of Education #17 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2015, the Regional Office of Education #17 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Regional Office of Education #17 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position includes a liability for the government's proportionate share of the employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through February 19, 2016, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the returns of elections required to be returned to the Regional Superintendent's office; and to file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #17's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2015, the Regional Office of Education #17 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #17. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #17's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #17 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #17 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #17 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #17 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #17 being considered a component unit of the entity.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #17's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education has one business-type activity that relies on fees and charges for support.

The Regional Office of Education #17's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #17 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #17's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

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

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on a specific purpose or project before any amounts will be paid to the Regional Office of Education #17; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Regional Office of Education #17 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #17's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

G. FUND ACCOUNTING

The Regional Office of Education #17 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #17 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #17 has presented all major funds that met the above qualifications.

The Regional Office of Education #17 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #17. It is used to account for the expenditures that benefit all school districts in the Region except those required to be accounted for and reported in other funds. General Funds include the following:

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

County Fund – This fund accounts for monies received from DeWitt, Livingston, and McLean counties. This support helps fund the operation of the Regional Office of Education #17.

Illinois Educators’ Roundtable – This fund accounts for resources used for a group of superintendents to meet on emerging issues affecting the education system.

Regional Safe Schools – General State Aid (GSA) – This program accounts for monies received for and in payment of expenditures for activities for disruptive students who are eligible for suspension or expulsion. In addition, this program includes State and federal lunch and breakfast programs.

Regional Alternative School – General State Aid (GSA) – This program accounts for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

I-SCORE – This program is for online credit recovery for special needs students.

Chestnut – This program accounts for a contract with a local drug/alcohol rehabilitation center for GED preparation services.

Donations Literacy Inservice – This program is funded by corporate and private sources to facilitate learning projects in literacy, GED, and English as second language classes.

Juvenile Justice Council – This is a program for At-Risk Diversion for students.

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

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

Continuum of Care – This program assists participants in obtaining and remaining in permanent housing.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Continued)

Credit Recovery – This program accounts for monies received for and in payment of expenditures for the development and training of teachers to prepare online curriculum made available to all students from the entire Regional Office of Education #17 region.

D.O.R.S Program Step Grant – This program is for severely handicapped students making the transition from high school to the work place.

Foundational Services – This program accounts for monies received for and in payment of expenditures for the Foundational Services administrator to help the Illinois Association of Regional Superintendents of Schools’ and the Illinois State Board of Education’s coordination and collaboration on Foundational Services for professional development for all Illinois districts.

Improving Literacy – This program accounts for monies received for and in payment of expenditures for Diagnostic Literacy testing, a book club, and Little Library for Regional Alternative School students and the community.

Juvenile Detention Center – This program provides educational programming for incarcerated youth.

Mathematics and Science Partnerships - MA – This program accounts for monies received for and in payment of expenditures for a Math Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Math.

Mathematics and Science Partnerships - SA – This program accounts for monies received for and in payment of expenditures for a Science Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Science.

McKinney Homeless Children and Youth – This program accounts for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Preschool-aged children also receive services to ensure access to early childhood and preschool programs.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Continued)

Modeling Effective Collaboration – This program accounts for monies received to further establish the advancement and alignment of the Common Core State Standards across secondary and post-secondary curriculum.

Regional Safe Schools Program – This program accounts for the Regional Safe Schools grant monies. The program concentrates on the education of students who have been expelled from school districts served by the Regional Office of Education #17.

ROE/ISC Operations – This fund accounts for grant monies received for and in payment of expenditures for assisting schools in all areas of school improvement.

Secretary of State’s Literacy Grant – This program accounts for grant monies to serve parents and their children ages 0 to 5 who are enrolled in Evenstart or Heartland Head Start to provide activities that encourage literacy development and enable parents to be their child’s first and best teacher through workshops, field trips, and a partnership with the public libraries to provide activities.

Title I – School Improvement – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #17 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

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

Title II – Teacher Quality – Leadership – This program accounts for grant monies received for and in payment of expenditures to provide online training that is required by the Illinois Performance Evaluation Reform Act to train education administrators to evaluate other administrators and teachers. The program is designed to increase the number of highly qualified administrators and teachers, leading to increased student academic achievement.

Transitional Specialist – This program is administered by the Illinois Department of Human Services to provide support for Individualized Education Plan (IEP) students to transition from high school to higher education and/or adult employment.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

Truants Alternative/Optional Education – This program accounts for grant monies received for and in payment of expenditures for optional education opportunities to school dropouts, potential dropouts, and truants of the Region.

The Regional Office of Education #17 reports the following Nonmajor Special Revenue Funds:

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools of each county or counties to administer the GED test. Testing fees are used for test administration, testing materials, and diplomas on successful completion of the test.

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

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

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenues and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #17 reports the following proprietary fund:

Professional Development – This enterprise fund tracks revenues received and expenses incurred in offering professional development workshops for teachers and administrators and other services for the school districts in DeWitt, Livingston, and McLean Counties.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Agency Funds – Agency funds are used to account for assets held by the Regional Office of Education #17 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #17 reports the following agency funds:

Cooperative Purchasing Fund – This fund is used to purchase paper and supplies in quantity as a single unit by participating schools in the Regional Office of Education #17.

Flex Spending Account – This fund accounts for the Regional Office of Education #17's employees' flex spending plan.

Heart of Illinois Low Incidence – This program promotes, establishes, and maintains comprehensive special education services for children with hearing, vision, and physical disabilities.

Regional Board of School Trustees Fund – This program accounts for the Regional Board of School Trustees' operating accounts.

ROE #38 Consolidation – This fund accounts for the assets received from the Regional Office of Education #38 prior to its consolidation by the Regional Office of Education #17 on July 1, 2015.

School Facility Occupation Tax – This fund accounts for the assets held by the Regional Office of Education #17 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.

Distributive Fund – This fund distributes monies received from the State to the school districts and other entities.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #17 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following fund balances are restricted by Illinois Statute: General Education Development and Institute. The following Education Funds are restricted by grantor or donor restrictions: D.O.R.S Program Step Grant.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #17 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: Illinois Educators’ Roundtable, I-SCORE, Chestnut, Donations Literacy Inservice, and Juvenile Justice Council.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are comprised of unassigned fund balances: County Fund, Regional Safe Schools – GSA, and Regional Alternative School – GSA.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. NET POSITION

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

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

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.

J. CASH AND CASH EQUIVALENTS

The DeWitt/Livingston/McLean Counties Regional Office of Education #17's cash and cash equivalents are considered to be demand deposits and short-term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures, and Changes in Fund Balances.

K. 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.

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than three years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3-50 years.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

N. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. No vacation time may be carried over to next year and will be lost if an employee does not use the time during the year. Therefore, the Regional Office of Education #17 did not accrue any vacation benefits for the current year. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 10 sick days annually and the unused portion is accumulated indefinitely. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. BUDGET INFORMATION

The Regional Office of Education #17 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Mathematics and Science Partnerships – MA, Mathematics and Science Partnerships – SA, McKinney Homeless Children and Youth, Regional Safe Schools, ROE/ISC Operations, Secretary of State’s Literacy Grant, Title I – School Improvement, Title II – Teacher Quality, Title II Teacher Quality – Leadership (14-4935-02), Title II – Teacher Quality – Leadership (15-4935-02), and Truants Alternative/Optional Education.

NOTE 2 – CASH

The Regional Office of Education #17 does not have a formal investment policy. The Regional Office of Education #17 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2015, the carrying amounts of the Regional Office of Education #17’s government-wide fund and agency fund deposits were \$2,113,370 and \$291,261, respectively, and the bank balances were \$2,773,972 and \$669,398, respectively. Of the total bank balances as of June 30, 2015, \$250,000 was secured by federal depository insurance, \$2,868,835 was fully collateralized, \$79,973 was uncollateralized and uninsured, and \$244,562 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #17’s deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #17’s investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #17.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH (Concluded)

B. INVESTMENTS

The Regional Office of Education #17's investment policy requires that funds should be invested solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As of June 30, 2015, the Regional Office of Education #17 had investments with carrying and fair values of \$244,562 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

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

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market 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.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #17'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 #17's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section. 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.

Benefits Provided

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

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

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

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms

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

| | IMRF |
|--|-------------|
| Retirees and Beneficiaries currently receiving benefits | 34 |
| Inactive Plan Members entitled to but not yet receiving benefits | 24 |
| Active Plan Members | 17 |
| Total | 75 |

Contributions

As set by statute, the Regional Office of Education #17'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 #17's annual contribution rate for calendar year 2014 was 21.26%. For the calendar year ended 2014, the Regional Office of Education #17 contributed \$173,508 to the plan. The Regional Office of Education #17 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #17's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

- 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:

| <u>Asset Class</u> | <u>Portfolio Target Percentage</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|------------------------------------|---|
| Domestic Equity | 38% | 7.60% |
| International Equity | 17% | 7.80% |
| Fixed Income | 27% | 3.00% |
| Real Estate | 8% | 6.15% |
| Alternative Investments | 9% | 5.25-8.50% |
| Cash Equivalents | 1% | 2.25% |
| Total | 100% | |

Single Discount Rate

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

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

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REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (Asset) (A) - (B) |
|--|--|--|--|
| Balances at December 31, 2013 | \$ 4,485,173 | \$ 4,202,502 | \$ 282,671 |
| Changes for the year: | | | |
| Service Cost | 90,794 | - | 90,794 |
| Interest on the Total Pension Liability | 331,043 | - | 331,043 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | (54,884) | - | (54,884) |
| Changes of Assumptions | 160,500 | - | 160,500 |
| Contributions - Employer | - | 173,508 | (173,508) |
| Contributions - Employees | - | 36,725 | (36,725) |
| Net Investment Income | - | 280,254 | (280,254) |
| Benefit Payments, including Refunds of Employee Contributions | (240,367) | (240,367) | - |
| Other (Net Transfer) | - | (3,698) | 3,698 |
| Net Changes | 287,086 | 246,422 | 40,664 |
| Balances at December 31, 2014 | \$ 4,772,259 | \$ 4,448,924 | \$ 323,335 |

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

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

| | 1% Lower 6.50% | Current Discount 7.50% | 1% Higher 8.50% |
|------------------------------|---------------------------|-----------------------------------|----------------------------|
| Net Pension Liability | \$ 902,286 | \$ 323,335 | \$ (144,602) |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ending June 30, 2015, the Regional Office of Education #17 recognized pension expense of \$127,988. At June 30, 2015, the Regional Office of Education #17 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | | |
| Differences between expected and actual experience | \$ - | \$ 30,776 |
| Changes of assumptions | 90,000 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>26,930</u> | <u>-</u> |
| Total Deferred Amounts to be recognized in pension expense in future periods | <u>116,930</u> | <u>30,776</u> |
| Pension Contributions made subsequent to the Measurement Date | <u>93,157</u> | <u>-</u> |
| Total Deferred Amounts Related to Pensions | <u><u>\$ 210,087</u></u> | <u><u>\$ 30,776</u></u> |

\$93,157 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

| Year Ending December 31 | Net Deferred Outflows of Resources |
|------------------------------------|---|
| 2015 | \$ 53,125 |
| 2016 | 19,565 |
| 2017 | 6,733 |
| 2018 | 6,731 |
| 2019 | - |
| Thereafter | - |
| Total | \$ 86,154 |

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #17 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.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #17.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #17. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education #17 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #17, and the Regional Office of Education #17 recognized revenue and expenditures of \$563,718 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, 2015, were \$6,133, and are deferred because they were paid after the June 30, 2014, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #17, there is a statutory requirement for the Regional Office of Education #17 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.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$58,182 were paid from federal and special trust funds that required employer contributions of \$19,200. These contributions are deferred because they were paid after the June 30, 2014, measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #17 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, 2015, the Regional Office of Education #17 paid no employer ERO contributions.

The Regional Office of Education #17 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education #17 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

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

At June 30, 2015, the Regional Office of Education #17 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

| | |
|--|----------------------------|
| Employers proportionate share of the net pension liability | \$ 112,278 |
| State’s proportionate share of the net pension liability associated with the employer | <u>7,001,785</u> |
| Total | <u>\$ 7,114,063</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education #17’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, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education #17’s proportion was .0001844914 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education #17’s proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #17’s share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer’s proportion was .0002031009 percent.

For the year ended June 30, 2015, the Regional Office of Education #17 recognized pension expense of \$563,718 and revenue of \$563,718 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education #17 recognized pension expense of \$6,585. At June 30, 2015, the Regional Office of Education #17 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 59 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 5,643 |
| Change of assumptions | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 9,382 |
| Employer contributions subsequent to the measurement date | 25,333 | - |
| Total | \$ 25,392 | \$ 15,025 |

\$25,333 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Year ended June 30:

| | | |
|------|-----------|-----------------|
| 2016 | \$ | (3,673) |
| 2017 | | (3,673) |
| 2018 | | (3,673) |
| 2019 | | (3,673) |
| 2020 | | (274) |
| | <u>\$</u> | <u>(14,966)</u> |

Actuarial assumptions

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily required rates.

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

Sensitivity of the Regional Office of Education #17’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education #17’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|-----------------------|---------------------------------|-----------------------|
| Employer's proportionate share of the net pension liability | \$ 138,658 | \$ 112,278 | \$ 90,433 |

TRS fiduciary net position

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #17 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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

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

On-behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #17. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$10,895, and the Regional Office of Education #17 recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund. The Regional Office of Education #17 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015, and 0.72 and 0.69 percent during the years ended June 30, 2014 and 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education #17 paid \$8,118 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and 2013, the Regional Office paid \$8,266 and \$7,268 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."

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

The Regional Office of Education #17 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement Nos. 43 and 45 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

The Regional Office has restated its OPEB liability to the liability as of June 30, 2014, the date of the most recent actuarial valuation. Membership in the plan consisted of the following as of June 30, 2014:

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> |
|---|----------------------|----------------------|
| Retirees and beneficiaries receiving benefits | 1 | 1 |
| Terminated plan members entitled to but not yet receiving benefits | - | - |
| Active vested plan members | 17 | 21 |
| Active nonvested plan members | <u>17</u> | <u>17</u> |
| Total | <u><u>35</u></u> | <u><u>39</u></u> |
| Number of participating employers | 1 | 1 |

Schedule of Funding Progress

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual OPEB Cost and Net OPEB Obligation

| | <u>June 30, 2014</u> |
|---|------------------------|
| Annual required contribution | \$ 9,551 |
| Interest on net OPEB obligation | 281 |
| Adjustment to annual required contribution | <u>(235)</u> |
| Annual OPEB cost | 9,597 |
| Adjustment to net OPEB obligation at the beginning of the year | 4,632 |
| Contributions made | <u>(7,451)</u> |
| Increase (decrease) in net OPEB obligation | 6,778 |
| Net OPEB obligation beginning of year | <u>2,403</u> |
| Net OPEB obligation end of year | <u><u>\$ 9,181</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Three-Year Trend Information

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------|------------------|--|---------------------|
| 6/30/2014 | \$ 9,597 | 77.60% | \$ 9,181 |
| 6/30/2013 | - | 0.00% | 7,035 |
| 6/30/2012 | - | 0.00% | - |

Annual Required Contribution

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|------------------------------|----------------------|----------------------|
| Service cost | \$ 6,774 | \$ 4,921 |
| Amortization | 2,798 | 4,175 |
| Interest | 383 | 455 |
| Annual required contribution | <u>\$ 9,955</u> | <u>\$ 9,551</u> |

Funding Policy and Actuarial Assumptions

The last actuarial valuation was completed on June 30, 2011. The Net OPEB obligation has been updated through June 30, 2014. The investment rate of return and projected salary increases assumptions have been reduced to 4.0% from 5.0%. The healthcare inflation rate assumption has been reduced to 7.5% from 8.0% (initial) and to 5.5% from 6.0% (ultimate). The current premiums have increased 19.5%.

Contribution rates:

| | |
|-------------------------------|-------------------------------|
| Regional Office | |
| Plan members | 0.00% |
| Actuarial valuation date | 6/30/2014 |
| Actuarial cost method | Entry age |
| Amortization period | Level percentage of pay, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

Funding Policy and Actuarial Assumptions (Concluded)

Actuarial assumptions:

| | |
|--|--|
| Investment rate of return* | 4.00% |
| Projected salary increases | 4.00% |
| Healthcare inflation rate | 7.50% initial, 5.5% ultimate (0.5% reduction per year) |
| Mortality, Turnover, Disability, Retirement Ages | Similar rates utilized for IMRF |
| Percentage of Active Employees Assumed to Elect Benefit | 20% |
| Assumed Coverage Elections | 50% Single Coverage, 50% Single plus Spouse |
| Current Premium Rates | to age 65: Single: \$734/mo; Single plus Spouse: \$1,949/mo |

* Includes inflation at 3.00%

GASB 45 Summary as of June 30, 2014

| Division | Service Cost | Active Liability | Retired Liability | Total Liability | Annual Required Contribution | Expected Payments | Actives | Retirees | Total |
|----------|--------------|------------------|-------------------|-----------------|------------------------------|-------------------|---------|----------|-------|
| All | \$ 6,774 | \$ 57,829 | \$ 26,107 | \$ 83,936 | \$ 9,954 | \$ 3,523 | 34 | 1 | 35 |

Discount Rate: 4.0%

Medical Inflation Rate: 7.5% initial, 5.5% ultimate

Future Payroll Increases: 4.0%

NOTE 7 – OPERATING LEASES

The Regional Office of Education #17 leases classroom and office space from various parties. During fiscal year 2015, the Regional Office of Education #17 leased classroom and office space located at 905 W. Custer Avenue, Pontiac, Illinois, from the Bud Behrends, LLC, for \$2,208 per month. The lease term is from July 1, 2013, to August 31, 2018, with a five-year renewal option.

The Regional Office of Education #17 also leased classrooms and office space located at 402-408 W. Washington Street, Bloomington, Illinois, and storage space located at 405 W. Front Street, Bloomington, Illinois, from Joe and Ruth Haney. The leases run from August 1, 2012, to July 31, 2017, and February 18, 2013, to July 31, 2017, respectively; rent was \$9,379 and \$350 per month, respectively.

The Regional Office of Education #17 also leased office space located at 200 W. Front Street, Suite 500D, Bloomington, Illinois, from McLean County. The lease runs from January 1, 2013, to December 31, 2015; rent is \$61,000 per year.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – OPERATING LEASES (Concluded)

During fiscal year 2015, the Regional Office of Education #17 leased classroom and office space located at 1301 W Washington St, Bloomington, Illinois, from the Mid Central Community Action, Inc, for \$200 per month. The lease term is from August 25, 2014, to June 30, 2015, with an automatic renewal option of 12 months.

Rent expense for the year ended June 30, 2015, was \$206,244. Future minimum rentals are as follows for the years ending June 30:

| | | | |
|---------------------|--|----|------------|
| 2016 | | \$ | 173,744 |
| 2017 | | | 143,244 |
| 2018 | | | 36,225 |
| 2019 | | | 4,416 |
| 2020 and thereafter | | | - |
| | | | \$ 357,629 |

NOTE 8 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #17 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets by business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

| | Balance 7/1/2014 | Additions | Disposals | Balance 6/30/2015 |
|-----------------------------------|---------------------|-------------|------------|----------------------|
| Governmental Activities | | | | |
| Capital assets being depreciated: | | | | |
| Office Equipment & Furniture | \$ 244,881 | \$ 39,495 | \$ (8,377) | \$ 275,999 |
| Leasehold Improvements | 441,100 | 583 | - | 441,683 |
| Total Capital Assets | 685,981 | 40,078 | (8,377) | 717,682 |
| Less: Accumulated Depreciation | (211,926) | (68,844) | 7,016 | (273,754) |
| Governmental Activities | | | | |
| Investment in Capital Assets, Net | \$ 474,055 | \$ (28,766) | \$ (1,361) | \$ 443,928 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – CAPITAL ASSETS (Concluded)

| | <u>Balance 7/1/2014</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 6/30/2015</u> |
|-----------------------------------|-----------------------------|------------------|------------------|------------------------------|
| Business-Type Activities | | | | |
| Capital assets being depreciated: | | | | |
| Office Equipment & Furniture | \$ 1,725 | \$ 660 | \$ - | \$ 2,385 |
| Total Capital Assets | 1,725 | 660 | - | 2,385 |
| Less: Accumulated Depreciation | (48) | (575) | - | (623) |
| Business-Type Activities | | | | |
| Investment in Capital Assets, Net | <u>\$ 1,677</u> | <u>\$ 85</u> | <u>\$ -</u> | <u>\$ 1,762</u> |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2015, of \$68,844 and \$575 was charged to governmental activities instructional services function and business-type activities, respectively, on the government-wide Statement of Activities. Also, a disposal loss of \$1,361 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 9 – RISK MANAGEMENT

The Regional Office of Education #17 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #17 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2015, consist of the following individual due to/from other funds in the Governmental Fund Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

| <u>Fund</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|----------------|-----------------------------|---------------------------|
| General Fund | \$ 167,859 | \$ - |
| Education Fund | - | 167,859 |
| Totals | <u>\$ 167,859</u> | <u>\$ 167,859</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 10 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2015, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------|---------------------|----------------------|
| General Fund | \$ 5,000 | \$ 4,518 |
| Education Fund | 4,394 | 5,000 |
| Nonmajor Special Revenue Funds | 124 | - |
| | \$ 9,518 | \$ 9,518 |

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #17’s General Fund, Education Fund, Nonmajor Special Revenue Funds, and Agency Fund have funds due to/from various other governmental units which consist of the following:

| | |
|--|--------------|
| Due from Other Governments: | |
| General Fund | |
| Local Governments | \$ 177,833 |
| Illinois State Board of Education | 783 |
| Nonmajor Special Revenue Funds | |
| Local Governments | 40 |
| Education Fund | |
| Local Governments | 33,327 |
| I-KAN Regional Office of Education #32 | 10,863 |
| Illinois State University | 53,253 |
| Illinois State Board of Education | 82,775 |
| Illinois Department of Human Services | 3,406 |
| Agency Fund | |
| Local Governments | 1,658,909 |
| Illinois State Board of Education | 41,028 |
| Total | \$ 2,062,217 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

| | |
|---------------------------|---------------------|
| Due to Other Governments: | |
| Agency Fund | |
| Local Governments | \$ 1,991,198 |
| Total | <u>\$ 1,991,198</u> |

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #17:

| | |
|---|-------------------|
| Regional Superintendent Salary | \$ 111,108 |
| Assistant Regional Superintendent Salary | 100,020 |
| Regional Superintendent Benefits (Includes State-paid insurance) | 22,853 |
| Assistant Regional Superintendent Benefits (Includes State-paid insurance) | 35,996 |
| Teachers' Health Insurance Security Contribution | <u>10,895</u> |
| Total | <u>\$ 280,872</u> |

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

Regional Office of Education #17 also recorded \$563,718 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 #17 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 | \$ 280,872 |
| ROE #17's share of TRS pension expense | <u>563,718</u> |
| Total | <u>\$ 844,590</u> |

NOTE 13 – DISPOSITION OF DISTRIBUTIVE FUND INTEREST

The school district boards within the Regional Office of Education #17's educational service regions have signed formal agreements that allow the Regional Office to retain any interest earned on Distributive Fund deposits during the year.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013, and directed certain other consolidations. Effective July 1, 2015, Dewitt/Livingston/McLean Counties Regional Office of Education #17 will consolidate Logan County into its educational service region.

NOTE 15 – RESTATEMENT

The Regional Office of Education #17 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$317,133. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

| | |
|---|----------------------------|
| Net position - July 1, 2014 | \$ 2,937,225 |
| Effect of recognizing deferred outflows of resources and net pension liability | <u>(317,133)</u> |
| Net position, restated - July 1, 2014 | <u><u>\$ 2,620,092</u></u> |

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014

| Calendar Year Ended December 31, | 2014 |
|---|-------------------------|
| Total Pension Liability | |
| Service Cost | \$ 90,794 |
| Interest on the Total Pension Liability | 331,043 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | (54,884) |
| Changes of Assumptions | 160,500 |
| Benefit Payments, including Refunds of Employee Contributions | (240,367) |
| Net Change in Total Pension Liability | 287,086 |
| Total Pension Liability - Beginning | 4,485,173 |
| Total Pension Liability - Ending (A) | \$ 4,772,259 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 173,508 |
| Contributions - Employees | 36,725 |
| Net Investment Income | 280,254 |
| Benefit Payments, including Refunds of Employee Contributions | (240,367) |
| Other (Net Transfer) | (3,698) |
| Net Change in Plan Fiduciary Net Position | 246,422 |
| Plan Fiduciary Net Position - Beginning | 4,202,502 |
| Plan Fiduciary Net Position - Ending (B) | \$ 4,448,924 |
| Net Pension Liability - Ending (A) - (B) | \$ 323,335 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 93.22% |
| Covered Valuation Payroll | \$ 816,123 |
| Net Pension Liability as a Percentage of Covered Valuation Payroll | 39.62% |

Notes to Schedule:

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 CALENDAR YEAR 2014

| Calendar Year Ended December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Valuation Payroll | Actual Contribution as a Percentage of Covered Valuation Payroll |
|---|---|------------------------|--|---------------------------------|---|
| 2014 | \$ 168,448 | \$ 173,508 | \$ (5,060) | \$ 816,123 | 21.26% |

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

| | |
|---------------------------------------|--|
| <i>Actuarial Cost Method:</i> | Aggregate entry age = normal |
| <i>Amortization Method:</i> | Level percentage of payroll, closed |
| <i>Remaining Amortization Period:</i> | 29-year closed period |
| <i>Asset Valuation Method:</i> | 5-year smoothed market; 20% corridor |
| <i>Wage Growth:</i> | 4% |
| <i>Price Inflation:</i> | 3%, approximate; no explicit price inflation assumption is used in this valuation. |
| <i>Salary Increases:</i> | 4.40% to 16%, including inflation |
| <i>Investment Rate of Return:</i> | 7.50% |
| <i>Retirement Age:</i> | Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010. |
| <i>Mortality:</i> | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years. |

Other Information:

Notes: There were no benefit changes during the year.

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

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015 *

| | |
|--|----------------------------|
| Employer's proportion of the net pension liability | 0.0001844914% |
| Employer's proportionate share of the net pension liability | \$ 112,278 |
| State's proportionate share of the net pension liability associated with the employer | <u>7,001,785</u> |
| Total | <u><u>\$ 7,114,063</u></u> |
| Employer's covered-employee payroll | \$ 1,148,032 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 9.8% |
| Plan fiduciary net position as a percentage of the total pension liability | 43.0% |

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015 †

| Fiscal Year Ended June 30, | Contractually Required Contribution | Actual Contribution | Contribution Deficiency (Excess) | Employer's Covered- Employee Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|-------------------------------|---|------------------------|--|--|---|
| 2015 | \$ 25,395 | \$ 25,333 | \$ 62 | \$ 1,125,700 | 2.3% |
| 2014 | 6,659 | 6,677 | (18) | 1,148,032 | 0.6% |

† 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.

Notes to This Required Supplementary Information

Changes of assumptions

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

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE PLAN FOR RETIRED EMPLOYEES
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2015

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 06/30/14 | \$ - | \$ 83,936 | \$ 83,936 | 0.00% | \$ 805,373 | 10.42% |
| 06/30/13 | - | 125,262 | 125,262 | 0.00% | 780,311 | 16.05% |
| 06/30/12 | - | 125,262 | 125,262 | 0.00% | 808,802 | 15.49% |

OTHER SUPPLEMENTARY INFORMATION

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2015

| | County Fund | Illinois Educators' Roundtable | Regional Safe Schools - GSA | Regional Alternative School - GSA | I-SCORE |
|---|-------------------|--------------------------------------|--------------------------------|---|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 78,421 | \$ 4,837 | \$ 596,780 | \$ 849,642 | \$ 82,191 |
| Due from other funds | - | - | - | 167,859 | - |
| Due from other governments | | | | | |
| Local | 30,809 | - | 14,730 | 66,115 | - |
| State | - | - | 49 | - | - |
| Federal | - | - | 734 | - | - |
| TOTAL ASSETS | \$ 109,230 | \$ 4,837 | \$ 612,293 | \$ 1,083,616 | \$ 82,191 |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ 3,475 | \$ 6,412 | \$ - |
| Accrued salaries and benefits | 9,100 | - | 52,060 | 62,286 | - |
| Total Liabilities | 9,100 | - | 55,535 | 68,698 | - |
| FUND BALANCE | | | | | |
| Assigned | - | 4,837 | - | - | 82,191 |
| Unassigned | 100,130 | - | 556,758 | 1,014,918 | - |
| Total Fund Balance | 100,130 | 4,837 | 556,758 | 1,014,918 | 82,191 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 109,230 | \$ 4,837 | \$ 612,293 | \$ 1,083,616 | \$ 82,191 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2015

| | Chestnut | Donations Literacy Inservice | Juvenile Justice Council | TOTALS |
|---|-------------------|------------------------------------|--------------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 185,952 | \$ 494 | \$ 22,044 | \$ 1,820,361 |
| Due from other funds | - | - | - | 167,859 |
| Due from other governments | | | | |
| Local | 66,179 | - | - | 177,833 |
| State | - | - | - | 49 |
| Federal | - | - | - | 734 |
| TOTAL ASSETS | \$ 252,131 | \$ 494 | \$ 22,044 | \$ 2,166,836 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 9,887 |
| Accrued salaries and benefits | 539 | - | - | 123,985 |
| Total Liabilities | 539 | - | - | 133,872 |
| FUND BALANCE | | | | |
| Assigned | 251,592 | 494 | 22,044 | 361,158 |
| Unassigned | - | - | - | 1,671,806 |
| Total Fund Balance | 251,592 | 494 | 22,044 | 2,032,964 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 252,131 | \$ 494 | \$ 22,044 | \$ 2,166,836 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

| | County Fund | Illinois Educators' Roundtable | Regional Safe Schools - GSA | Regional Alternative School - GSA | I-SCORE |
|--|-------------------|--------------------------------------|--------------------------------|---|------------------|
| REVENUES | | | | | |
| Local sources | \$ 583,113 | \$ - | \$ 110,438 | \$ 128,175 | \$ 12,115 |
| State sources | - | - | 569,796 | 744,786 | - |
| On-behalf payments - State | 280,872 | - | - | - | - |
| Federal sources | - | - | 40,153 | - | - |
| Total Revenues | <u>863,985</u> | <u>-</u> | <u>720,387</u> | <u>872,961</u> | <u>12,115</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 446,879 | - | 631,745 | 700,177 | 1,217 |
| Pension expense | 63,917 | - | 45,639 | 49,492 | 16 |
| Purchased services | 81,025 | - | 53,689 | 168,602 | - |
| Supplies and materials | 7,875 | - | 20,978 | 28,236 | 1,045 |
| Other objects | 4,981 | - | 100 | 94,117 | - |
| Capital outlay | - | - | 24,060 | 13,337 | - |
| On-behalf expenditures - State | 280,872 | - | - | - | - |
| Total Expenditures | <u>885,549</u> | <u>-</u> | <u>776,211</u> | <u>1,053,961</u> | <u>2,278</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | | |
| | <u>(21,564)</u> | <u>-</u> | <u>(55,824)</u> | <u>(181,000)</u> | <u>9,837</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (124) | - | (2,197) | (2,197) | - |
| Total Other Financing Sources (Uses) | <u>(124)</u> | <u>-</u> | <u>(2,197)</u> | <u>(2,197)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | | | | | |
| | (21,688) | - | (58,021) | (183,197) | 9,837 |
| FUND BALANCE - BEGINNING | | | | | |
| | <u>121,818</u> | <u>4,837</u> | <u>614,779</u> | <u>1,198,115</u> | <u>72,354</u> |
| FUND BALANCE - ENDING | | | | | |
| | <u>\$ 100,130</u> | <u>\$ 4,837</u> | <u>\$ 556,758</u> | <u>\$ 1,014,918</u> | <u>\$ 82,191</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Chestnut | Donations Literacy Inservice | Juvenile Justice Council | TOTALS |
|--|-------------------|------------------------------------|--------------------------------|---------------------|
| REVENUES | | | | |
| Local sources | \$ 190,179 | \$ 6,180 | \$ 27,500 | \$ 1,057,700 |
| State sources | - | - | - | 1,314,582 |
| On-behalf payments - State | - | - | - | 280,872 |
| Federal sources | - | - | - | 40,153 |
| Total Revenues | <u>190,179</u> | <u>6,180</u> | <u>27,500</u> | <u>2,693,307</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 134,555 | 5,004 | - | 1,919,577 |
| Pension expense | 12,402 | 949 | - | 172,415 |
| Purchased services | 22,687 | 2,144 | 35,255 | 363,402 |
| Supplies and materials | 6,493 | 7,232 | - | 71,859 |
| Other objects | 31,530 | - | - | 130,728 |
| Capital outlay | 661 | - | - | 38,058 |
| On-behalf expenditures - State | - | - | - | 280,872 |
| Total Expenditures | <u>208,328</u> | <u>15,329</u> | <u>35,255</u> | <u>2,976,911</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(18,149)</u> | <u>(9,149)</u> | <u>(7,755)</u> | <u>(283,604)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 5,000 | 5,000 |
| Transfers out | - | - | - | (4,518) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>5,000</u> | <u>482</u> |
| NET CHANGE IN FUND BALANCE | (18,149) | (9,149) | (2,755) | (283,122) |
| FUND BALANCE - BEGINNING | <u>269,741</u> | <u>9,643</u> | <u>24,799</u> | <u>2,316,086</u> |
| FUND BALANCE - ENDING | <u>\$ 251,592</u> | <u>\$ 494</u> | <u>\$ 22,044</u> | <u>\$ 2,032,964</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

| | Continuum of Care | Credit Recovery | D.O.R.S Program Step Grant | Foundational Services | Improving Literacy |
|---|----------------------|--------------------|----------------------------------|--------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 4,022 | \$ 96,681 | \$ - | \$ 76 |
| Due from other governments: | | | | | |
| Local | - | - | - | - | - |
| State | - | - | - | - | - |
| Federal | - | - | - | 30,413 | - |
| TOTAL ASSETS | \$ - | \$ 4,022 | \$ 96,681 | \$ 30,413 | \$ 76 |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | 30,413 | - |
| Unearned revenue | - | 4,022 | - | - | 76 |
| Total Liabilities | - | 4,022 | - | 30,413 | 76 |
| FUND BALANCE (DEFICIT) | | | | | |
| Restricted | - | - | 96,681 | - | - |
| Total Fund Balance (Deficit) | - | - | 96,681 | - | - |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ - | \$ 4,022 | \$ 96,681 | \$ 30,413 | \$ 76 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

| | Juvenile Detention Center | Mathematics and Science Partnerships - MA | Mathematics and Science Partnerships - SA | McKinney Homeless Children and Youth | Modeling Effective Collaboration |
|---|---------------------------------|---|---|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due from other governments: | | | | | |
| Local | 15,754 | - | - | - | - |
| State | - | - | - | - | - |
| Federal | - | 18,664 | 18,664 | 4,745 | 53,253 |
| TOTAL ASSETS | \$ 15,754 | \$ 18,664 | \$ 18,664 | \$ 4,745 | \$ 53,253 |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ - | \$ 3,667 | \$ 3,667 | \$ - | \$ - |
| Due to other funds | 15,754 | 14,997 | 14,997 | 4,745 | 53,253 |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | 15,754 | 18,664 | 18,664 | 4,745 | 53,253 |
| FUND BALANCE (DEFICIT) | | | | | |
| Restricted | - | - | - | - | - |
| Total Fund Balance (Deficit) | - | - | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 15,754 | \$ 18,664 | \$ 18,664 | \$ 4,745 | \$ 53,253 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

| | Regional Safe Schools | ROE/ISC Operations | Secretary of State's Literacy Grant | Title I - School Improvement | Title II - Teacher Quality |
|---|--------------------------|-----------------------|---|------------------------------------|-------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 5,188 | \$ - | \$ 2,293 | \$ - | \$ - |
| Due from other governments: | | | | | |
| Local | - | - | - | - | - |
| State | 8,207 | - | - | - | - |
| Federal | - | - | - | 6,118 | 100 |
| TOTAL ASSETS | \$ 13,395 | \$ - | \$ 2,293 | \$ 6,118 | \$ 100 |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ 13,395 | \$ - | \$ 2,293 | \$ - | \$ - |
| Due to other funds | - | - | - | 6,118 | 100 |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | 13,395 | - | 2,293 | 6,118 | 100 |
| FUND BALANCE (DEFICIT) | | | | | |
| Restricted | - | - | - | - | - |
| Total Fund Balance (Deficit) | - | - | - | - | - |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 13,395 | \$ - | \$ 2,293 | \$ 6,118 | \$ 100 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

| | Title II - Teacher Quality - Leadership | Transitional Specialist | Truants Alternative/ Optional Education | TOTALS |
|---|---|----------------------------|--|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 7,089 | \$ 115,349 |
| Due from other governments: | | | | |
| Local | - | 17,573 | - | 33,327 |
| State | - | - | - | 8,207 |
| Federal | 6,727 | 3,406 | - | 142,090 |
| TOTAL ASSETS | \$ 6,727 | \$ 20,979 | \$ 7,089 | \$ 298,973 |
| LIABILITIES | | | | |
| Accrued salaries and benefits | \$ - | \$ 224 | \$ 7,089 | \$ 30,335 |
| Due to other funds | 6,727 | 20,755 | - | 167,859 |
| Unearned revenue | - | - | - | 4,098 |
| Total Liabilities | 6,727 | 20,979 | 7,089 | 202,292 |
| FUND BALANCE (DEFICIT) | | | | |
| Restricted | - | - | - | 96,681 |
| Total Fund Balance (Deficit) | - | - | - | 96,681 |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | \$ 6,727 | \$ 20,979 | \$ 7,089 | \$ 298,973 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Continuum of Care | Credit Recovery | D.O.R.S Program Step Grant | Foundational Services | Improving Literacy |
|--|----------------------|--------------------|----------------------------------|--------------------------|-----------------------|
| REVENUES | | | | | |
| Local sources | \$ - | \$ 16,318 | \$ - | \$ - | \$ 10,295 |
| State sources | - | - | 28,757 | - | - |
| Federal sources | - | - | 86,274 | 125,097 | - |
| Total Revenues | <u>-</u> | <u>16,318</u> | <u>115,031</u> | <u>125,097</u> | <u>10,295</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 3,451 | 7,968 | - | 63,946 | - |
| Pension expense | - | 297 | - | 19,980 | - |
| Purchased services | - | 7,896 | - | 35,369 | 1,080 |
| Supplies and materials | - | 157 | - | 4,333 | 9,215 |
| Capital outlay | - | - | - | 1,469 | - |
| Payments to other governments | - | - | 88,465 | - | - |
| Total Expenditures | <u>3,451</u> | <u>16,318</u> | <u>88,465</u> | <u>125,097</u> | <u>10,295</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(3,451)</u> | <u>-</u> | <u>26,566</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(3,451)</u> | <u>-</u> | <u>26,566</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>3,451</u> | <u>-</u> | <u>70,115</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 96,681</u> | <u>\$ -</u> | <u>\$ -</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Juvenile Detention Center | Mathematics and Science Partnerships - MA | Mathematics and Science Partnerships - SA | McKinney Homeless Children and Youth | Modeling Effective Collaboration |
|--|---------------------------------|---|---|---|--|
| REVENUES | | | | | |
| Local sources | \$ 47,624 | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | - | 18,664 | 18,664 | 21,534 | 78,703 |
| Total Revenues | <u>47,624</u> | <u>18,664</u> | <u>18,664</u> | <u>21,534</u> | <u>78,703</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 40,865 | 3,667 | 3,667 | 15,790 | 2,401 |
| Pension expense | 537 | - | - | - | 335 |
| Purchased services | 170 | - | - | 1,265 | 75,967 |
| Supplies and materials | 1,052 | 14,997 | 14,997 | 4,479 | - |
| Capital outlay | - | - | - | - | - |
| Payments to other governments | - | - | - | - | - |
| Total Expenditures | <u>42,624</u> | <u>18,664</u> | <u>18,664</u> | <u>21,534</u> | <u>78,703</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (5,000) | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>(5,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Regional Safe Schools | ROE/ISC Operations | Secretary of State's Literacy Grant | Title I - School Improvement | Title II - Teacher Quality |
|--|--------------------------|-----------------------|---|------------------------------------|-------------------------------|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 108,892 | 88,566 | 66,260 | - | - |
| Federal sources | - | - | - | 20,666 | 3,295 |
| Total Revenues | <u>108,892</u> | <u>88,566</u> | <u>66,260</u> | <u>20,666</u> | <u>3,295</u> |
| EXPENDITURES | | | | | |
| Salaries and benefits | 97,697 | 14,153 | 53,512 | - | - |
| Pension expense | 1,167 | 187 | - | - | - |
| Purchased services | 10,028 | 69,185 | 4,162 | 19,518 | 3,295 |
| Supplies and materials | - | 5,041 | 8,586 | 1,148 | - |
| Capital outlay | - | - | - | - | - |
| Payments to other governments | - | - | - | - | - |
| Total Expenditures | <u>108,892</u> | <u>88,566</u> | <u>66,260</u> | <u>20,666</u> | <u>3,295</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Title II - Teacher Quality - Leadership | Transitional Specialist | Truants Alternative/ Optional Education | TOTALS |
|--|---|----------------------------|--|------------------|
| REVENUES | | | | |
| Local sources | \$ - | \$ 20,389 | \$ - | \$ 94,626 |
| State sources | - | 15,000 | 79,406 | 386,881 |
| Federal sources | 8,626 | 45,000 | - | 426,523 |
| Total Revenues | <u>8,626</u> | <u>80,389</u> | <u>79,406</u> | <u>908,030</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | - | 66,840 | 63,713 | 437,670 |
| Pension expense | - | 9,185 | 671 | 32,359 |
| Purchased services | 8,626 | 5,911 | 14,819 | 257,291 |
| Supplies and materials | - | 31 | 203 | 64,239 |
| Capital outlay | - | - | - | 1,469 |
| Payments to other governments | - | - | - | 88,465 |
| Total Expenditures | <u>8,626</u> | <u>81,967</u> | <u>79,406</u> | <u>881,493</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>(1,578)</u> | <u>-</u> | <u>26,537</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 4,394 | - | 4,394 |
| Transfers out | - | - | - | (5,000) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>4,394</u> | <u>-</u> | <u>(606)</u> |
| NET CHANGE IN FUND BALANCE | <u>-</u> | <u>2,816</u> | <u>-</u> | <u>25,931</u> |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u> | <u>(2,816)</u> | <u>-</u> | <u>70,750</u> |
| FUND BALANCE (DEFICIT) - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 96,681</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MATHEMATICS AND SCIENCE PARTNERSHIPS - MA
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual</u> |
|--------------------------------|-------------------------|------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> |
| REVENUE | | | |
| Federal sources | \$ 250,000 | \$ 250,000 | \$ 18,664 |
| Total Revenue | <u>250,000</u> | <u>250,000</u> | <u>18,664</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 35,530 | 42,127 | 3,667 |
| Purchased services | 185,320 | 166,980 | - |
| Supplies and materials | 29,150 | 33,393 | 14,997 |
| Payments to other governments | - | 7,500 | - |
| Total Expenditures | <u>250,000</u> | <u>250,000</u> | <u>18,664</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

Revenues and expenditures are less than budgeted amounts because the grant ran from May 1, 2015, through September 30, 2015; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MATHEMATICS AND SCIENCE PARTNERSHIPS - SA
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual</u> |
|--------------------------------|-------------------------|------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> |
| REVENUE | | | |
| Federal sources | \$ 250,000 | \$ 250,000 | \$ 18,664 |
| Total Revenue | <u>250,000</u> | <u>250,000</u> | <u>18,664</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 35,530 | 27,333 | 3,667 |
| Purchased services | 185,320 | 191,289 | - |
| Supplies and materials | 29,150 | 23,878 | 14,997 |
| Payments to other governments | - | 7,500 | - |
| Total Expenditures | <u>250,000</u> | <u>250,000</u> | <u>18,664</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

Revenues and expenditures are less than budgeted amounts because the grant ran from May 1, 2015, through September 30, 2015; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY HOMELESS CHILDREN AND YOUTH
 FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual</u> |
|--------------------------------|-------------------------|------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> |
| REVENUE | | | |
| Federal sources | \$ 21,684 | \$ 21,684 | \$ 21,534 |
| Total Revenue | <u>21,684</u> | <u>21,684</u> | <u>21,534</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 18,601 | 15,825 | 15,790 |
| Purchased services | 1,266 | 1,266 | 1,265 |
| Supplies and materials | 1,817 | 4,593 | 4,479 |
| Total Expenditures | <u>21,684</u> | <u>21,684</u> | <u>21,534</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> |
|--------------------------------|-------------------------|------------------------|---------------------------|
| | <u>Original</u> | <u>Final</u> | |
| REVENUE | | | |
| State sources | \$ 111,398 | \$ 108,892 | \$ 108,892 |
| Total Revenue | <u>111,398</u> | <u>108,892</u> | <u>108,892</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 98,430 | 98,864 | 97,697 |
| Pension expense | - | - | 1,167 |
| Purchased services | 12,968 | 10,028 | 10,028 |
| Total Expenditures | <u>111,398</u> | <u>108,892</u> | <u>108,892</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------|------------------------|------------------------|------------------------|
| | Original | Final | |
| REVENUE | | | |
| State sources | \$ 88,566 | \$ 88,566 | \$ 88,566 |
| Total Revenue | <u>88,566</u> | <u>88,566</u> | <u>88,566</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 14,381 | 14,381 | 14,153 |
| Pension expense | - | - | 187 |
| Purchased services | 69,185 | 69,185 | 69,185 |
| Supplies and materials | 5,000 | 5,000 | 5,041 |
| Total Expenditures | <u>88,566</u> | <u>88,566</u> | <u>88,566</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SECRETARY OF STATE'S LITERACY GRANT
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual</u> |
|--------------------------------|-------------------------|------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> |
| REVENUE | | | |
| State sources | \$ 66,260 | \$ 66,260 | \$ 66,260 |
| Total Revenue | <u>66,260</u> | <u>66,260</u> | <u>66,260</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 54,713 | 54,713 | 53,512 |
| Purchased services | 7,622 | 7,622 | 4,162 |
| Supplies and materials | 3,925 | 3,925 | 8,586 |
| Total Expenditures | <u>66,260</u> | <u>66,260</u> | <u>66,260</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I - SCHOOL IMPROVEMENT
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> |
|----------------------------|-------------------------|---------------|---------------------------|
| | <u>Original</u> | <u>Final</u> | |
| REVENUE | | | |
| Federal sources | \$ 43,144 | \$ 58,278 | \$ 20,666 |
| Total Revenue | <u>43,144</u> | <u>58,278</u> | <u>20,666</u> |
| EXPENDITURES | | | |
| Purchased services | 41,509 | 56,317 | 19,518 |
| Supplies and materials | 1,635 | 1,961 | 1,148 |
| Total Expenditures | <u>43,144</u> | <u>58,278</u> | <u>20,666</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|--------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 3,295 | \$ 3,295 | \$ 3,295 |
| Total Revenue | <u>3,295</u> | <u>3,295</u> | <u>3,295</u> |
| EXPENDITURES | | | |
| Purchased services | 3,295 | 3,295 | 3,295 |
| Total Expenditures | <u>3,295</u> | <u>3,295</u> | <u>3,295</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY - LEADERSHIP (14-4935-02)
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|--------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 9,981 | \$ 9,981 | \$ 499 |
| Total Revenue | <u>9,981</u> | <u>9,981</u> | <u>499</u> |
| EXPENDITURES | | | |
| Purchased services | 9,981 | 9,981 | 499 |
| Total Expenditures | <u>9,981</u> | <u>9,981</u> | <u>499</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Revenues and expenditures are less than budgeted amounts because the grant ran from October 28, 2013, through August 31, 2014; only part of the grant was received and expended in the current fiscal year.

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER QUALITY - LEADERSHIP (15-4935-02)
 FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|--------------|-------------------|
| | Original | Final | |
| REVENUE | | | |
| Federal sources | \$ 8,550 | \$ 8,550 | \$ 8,127 |
| Total Revenue | <u>8,550</u> | <u>8,550</u> | <u>8,127</u> |
| EXPENDITURES | | | |
| Purchased services | 8,123 | 8,123 | 8,127 |
| Supplies and materials | 427 | 427 | - |
| Total Expenditures | <u>8,550</u> | <u>8,550</u> | <u>8,127</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual</u> |
|--------------------------------|-------------------------|------------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> |
| REVENUE | | | |
| State sources | \$ 81,234 | \$ 79,406 | \$ 79,406 |
| Total Revenue | <u>81,234</u> | <u>79,406</u> | <u>79,406</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 71,048 | 65,580 | 63,713 |
| Pension expense | - | - | 671 |
| Purchased services | 9,986 | 13,626 | 14,819 |
| Supplies and materials | 200 | 200 | 203 |
| Total Expenditures | <u>81,234</u> | <u>79,406</u> | <u>79,406</u> |
| NET CHANGE IN FUND BALANCE | - | - | - |
| FUND BALANCE - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

| | General Education Development | Bus Driver Training | Institute | TOTALS |
|---|-------------------------------------|------------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 609 | \$ 730 | \$ 152,607 | \$ 153,946 |
| Due from other governments - Local | - | 40 | - | 40 |
| TOTAL ASSETS | <u>\$ 609</u> | <u>\$ 770</u> | <u>\$ 152,607</u> | <u>\$ 153,986</u> |
| LIABILITIES | | | | |
| Accrued salaries and benefits | \$ - | \$ 770 | \$ - | \$ 770 |
| Total Liabilities | - | 770 | - | 770 |
| FUND BALANCES | | | | |
| Restricted | 609 | - | 152,607 | 153,216 |
| Total Fund Balances | 609 | - | 152,607 | 153,216 |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 609</u> | <u>\$ 770</u> | <u>\$ 152,607</u> | <u>\$ 153,986</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | General Education Development | Bus Driver Training | Institute | TOTALS |
|--|-------------------------------------|------------------------|-------------------|-------------------|
| REVENUES | | | | |
| Local sources | \$ 2,072 | \$ 6,281 | \$ 118,753 | \$ 127,106 |
| State sources | - | 1,546 | - | 1,546 |
| Total Revenues | <u>2,072</u> | <u>7,827</u> | <u>118,753</u> | <u>128,652</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | - | 12,497 | - | 12,497 |
| Pension expense | - | 997 | - | 997 |
| Purchased services | 1,810 | 54 | 33,092 | 34,956 |
| Supplies and materials | 125 | 593 | 1,780 | 2,498 |
| Capital outlay | - | - | 551 | 551 |
| Other objects | 13 | - | - | 13 |
| Total Expenditures | <u>1,948</u> | <u>14,141</u> | <u>35,423</u> | <u>51,512</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>124</u> | <u>(6,314)</u> | <u>83,330</u> | <u>77,140</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 124 | - | 124 |
| Interest income | - | - | 31 | 31 |
| Total Other Financing Sources | <u>-</u> | <u>124</u> | <u>31</u> | <u>155</u> |
| NET CHANGE IN FUND BALANCE | 124 | (6,190) | 83,361 | 77,295 |
| FUND BALANCE - BEGINNING | <u>485</u> | <u>6,190</u> | <u>69,246</u> | <u>75,921</u> |
| FUND BALANCE - ENDING | <u>\$ 609</u> | <u>\$ -</u> | <u>\$ 152,607</u> | <u>\$ 153,216</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2015

| | Cooperative Purchasing Fund | Flex Spending Account | Heart of Illinois Low Incidence | Regional Board of School Trustees Fund | ROE #38 Consolidation | School Facility Occupation Tax | Distributive Fund | TOTALS |
|----------------------------|-----------------------------------|--------------------------|---------------------------------------|--|--------------------------|--------------------------------------|----------------------|---------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 157,913 | \$ 2,607 | \$ 76,107 | \$ - | \$ 54,634 | \$ 291,261 |
| Due from other governments | 51,025 | 383 | 142,747 | - | - | 1,227,670 | 278,112 | 1,699,937 |
| TOTAL ASSETS | <u>\$ 51,025</u> | <u>\$ 383</u> | <u>\$ 300,660</u> | <u>\$ 2,607</u> | <u>\$ 76,107</u> | <u>\$ 1,227,670</u> | <u>\$ 332,746</u> | <u>\$ 1,991,198</u> |
| LIABILITIES | | | | | | | | |
| Due to other governments | \$ 51,025 | \$ 383 | \$ 300,660 | \$ 2,607 | \$ 76,107 | \$ 1,227,670 | \$ 332,746 | \$ 1,991,198 |
| TOTAL LIABILITIES | <u>\$ 51,025</u> | <u>\$ 383</u> | <u>\$ 300,660</u> | <u>\$ 2,607</u> | <u>\$ 76,107</u> | <u>\$ 1,227,670</u> | <u>\$ 332,746</u> | <u>\$ 1,991,198</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| <u>Cooperative Purchasing Fund</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 402,105 | \$ 402,105 | \$ - |
| Due from other governments | 205,123 | 51,025 | 205,123 | 51,025 |
| Total Assets | <u>\$ 205,123</u> | <u>\$ 453,130</u> | <u>\$ 607,228</u> | <u>\$ 51,025</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 205,123 | \$ 453,130 | \$ 607,228 | \$ 51,025 |
| Total Liabilities | <u>\$ 205,123</u> | <u>\$ 453,130</u> | <u>\$ 607,228</u> | <u>\$ 51,025</u> |
| <u>Flex Spending Account</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 11,433 | \$ 11,433 | \$ - |
| Due from other governments | - | 383 | - | 383 |
| Total Assets | <u>\$ -</u> | <u>\$ 11,816</u> | <u>\$ 11,433</u> | <u>\$ 383</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ - | \$ 11,816 | \$ 11,433 | \$ 383 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 11,816</u> | <u>\$ 11,433</u> | <u>\$ 383</u> |
| <u>Heart of Illinois Low Incidence</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 117,851 | \$ 1,242,152 | \$ 1,202,090 | \$ 157,913 |
| Due from other governments | 100,492 | 142,747 | 100,492 | 142,747 |
| Total Assets | <u>\$ 218,343</u> | <u>\$ 1,384,899</u> | <u>\$ 1,302,582</u> | <u>\$ 300,660</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 218,343 | \$ 1,384,899 | \$ 1,302,582 | \$ 300,660 |
| Total Liabilities | <u>\$ 218,343</u> | <u>\$ 1,384,899</u> | <u>\$ 1,302,582</u> | <u>\$ 300,660</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|---|-------------------------|---------------------|---------------------|--------------------------|
| <u>Regional Board of School Trustees Fund</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,107 | \$ 1,500 | \$ - | \$ 2,607 |
| Total Assets | <u>\$ 1,107</u> | <u>\$ 1,500</u> | <u>\$ -</u> | <u>\$ 2,607</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 1,107 | \$ 1,500 | \$ - | \$ 2,607 |
| Total Liabilities | <u>\$ 1,107</u> | <u>\$ 1,500</u> | <u>\$ -</u> | <u>\$ 2,607</u> |
| <u>ROE #38 Consolidation</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 76,237 | 130 | \$ 76,107 |
| Total Assets | <u>\$ -</u> | <u>\$ 76,237</u> | <u>\$ 130</u> | <u>\$ 76,107</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ - | \$ 76,237 | \$ 130 | \$ 76,107 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 76,237</u> | <u>\$ 130</u> | <u>\$ 76,107</u> |
| <u>School Facility Occupation Tax</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 2,089,885 | \$ 2,089,885 | \$ - |
| Due from other governments | 760,176 | 1,227,670 | 760,176 | 1,227,670 |
| Total Assets | <u>\$ 760,176</u> | <u>\$ 3,317,555</u> | <u>\$ 2,850,061</u> | <u>\$ 1,227,670</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 760,176 | \$ 3,317,555 | \$ 2,850,061 | \$ 1,227,670 |
| Total Liabilities | <u>\$ 760,176</u> | <u>\$ 3,317,555</u> | <u>\$ 2,850,061</u> | <u>\$ 1,227,670</u> |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
 REGIONAL OFFICE OF EDUCATION #17
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|----------------------------|-------------------------|--------------|--------------|--------------------------|
| <u>Distributive Fund</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,402 | \$ 4,126,071 | \$ 4,072,839 | \$ 54,634 |
| Due from other governments | 151,612 | 278,112 | 151,612 | 278,112 |
| Total Assets | \$ 153,014 | \$ 4,404,183 | \$ 4,224,451 | \$ 332,746 |
| LIABILITIES | | | | |
| Due to other governments | \$ 153,014 | \$ 4,404,183 | \$ 4,224,451 | \$ 332,746 |
| Total Liabilities | \$ 153,014 | \$ 4,404,183 | \$ 4,224,451 | \$ 332,746 |
| <u>TOTALS</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 120,360 | \$ 7,949,383 | \$ 7,778,482 | \$ 291,261 |
| Due from other governments | 1,217,403 | 1,699,937 | 1,217,403 | 1,699,937 |
| Total Assets | \$ 1,337,763 | \$ 9,649,320 | \$ 8,995,885 | \$ 1,991,198 |
| LIABILITIES | | | | |
| Due to other governments | \$ 1,337,763 | \$ 9,649,320 | \$ 8,995,885 | \$ 1,991,198 |
| Total Liabilities | \$ 1,337,763 | \$ 9,649,320 | \$ 8,995,885 | \$ 1,991,198 |

DEWITT/LIVINGSTON/MCLEAN COUNTIES
REGIONAL OFFICE OF EDUCATION #17
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2015

| Program | Cornell CSD #426 | Livingston County Special Services Unit | Rooks Creek CCSD #425 | Regional Office of Education #17 | Total |
|---|-----------------------------|--|--------------------------------------|---|---------------------|
| General State Aid | \$ 172,864 | \$ - | \$ 23,464 | \$ 1,269,918 | \$ 1,466,246 |
| Funding for Children Requiring Sp Ed Services | 10,470 | - | 4,859 | - | 15,329 |
| Special Ed Personnel | 13,897 | 257,270 | 333 | 126,683 | 398,183 |
| State Free Lunch & Breakfast | 339 | 126 | 59 | 841 | 1,365 |
| Transportation - Regular & Vocational | 31,529 | - | 31,795 | - | 63,324 |
| Transportation - Spec Education | - | - | 1,786 | - | 1,786 |
| School Bus Driver Training | - | - | - | 1,546 | 1,546 |
| Truants Alternative/Optional Ed | - | - | - | 86,371 | 86,371 |
| Regional Safe Schools | - | - | - | 109,899 | 109,899 |
| ROE/ISC Operations | - | - | - | 88,566 | 88,566 |
| Medicaid | - | 71,944 | - | - | 71,944 |
| Other State Program | 3,836 | - | - | - | 3,836 |
| National School Lunch Program | 26,123 | 7,745 | 4,696 | 17,613 | 56,177 |
| School Breakfast Program | 8,354 | 4,143 | 1,372 | 28,838 | 42,707 |
| Title I - Low Income | 21,092 | - | - | - | 21,092 |
| Special Ed - Pre-School Flow Through | - | 76,289 | - | - | 76,289 |
| Special Ed - I.D.E.A. Flow Through | - | 1,539,226 | - | - | 1,539,226 |
| Title II - Teacher Quality | 3,072 | - | 1,688 | 3,195 | 7,955 |
| Title II - Teacher Quality - Leadership | - | - | - | 20,998 | 20,998 |
| Total | \$ 291,576 | \$ 1,956,743 | \$ 70,052 | \$ 1,754,468 | \$ 4,072,839 |