

**STATE OF ILLINOIS
LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35**

**FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
FOR THE YEAR ENDED JUNE 30, 2016**

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35**

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**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Mr. Christopher B. Dvorak

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

Ms. Jennifer Ahlfield

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

No Assistant Regional
Superintendent

Office is located at:

119 West Madison Street, Room 102
Ottawa, Illinois 61350

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
	14	None	N/A
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
	14	None	N/A
<i>PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2015-001	15	Controls Over Financial Statement Preparation	Material Weakness
<i>PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</i>			
	15	None	N/A

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2016 in a communication dated April 10, 2017.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 was performed by Sulaski and Webb, CPAs.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Regional Office of Education No. 35 absorbed Marshall and Putnam Counties from the former Regional Office of Education No. 43 effective July 1, 2015. The absorption of these Counties resulted in a restatement of net position as of July 1, 2015 in the amount of \$104,422 and \$2,805 for the Governmental Activities and the Business-Type Activities, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Net Pension Liability (Asset) & Related Ratios - Illinois Municipal Retirement Fund, the Schedule of Employer Contributions - Illinois Municipal Retirement Fund, the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois, and the Schedule of Employer Contributions - Teachers' Retirement System of the State of Illinois on pages 16 through 23 and 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, the Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2017 on our consideration of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Sulaski and Webb
Certified Public Accountants
Bloomington, Illinois

April 3, 2017

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's basic financial statements, and have issued our report thereon dated April 3, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Sulaski and Webb
Certified Public Accountants
Bloomington, Illinois

April 3, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Regional Office of Education No. 35's major federal programs for the year ended June 30, 2016. The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's compliance.

Opinion on the Major Federal Program

In our opinion, the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

SIGNED ORIGINAL ON FILE

Sulaski and Webb
Certified Public Accountants
Bloomington, Illinois

April 3, 2017

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Part I: Summary of Auditors' Results

Financial Statements in accordance with GAAP

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified? Yes ✓ None reported

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

Any audit findings disclosed that are required to be Reported in accordance with 2 CFR 200.516(a)? Yes ✓ No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.366B	Mathematics and Science Partnerships

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

Auditee qualified as low-risk auditee? Yes ✓ No

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Part II: Financial Statement Findings

There are no audit findings reported in the current year.

Part III: Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	The ROE did not have sufficient internal controls over the financial reporting process.	Not Repeated

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The LaSalle, Marshall, and Putnam Counties Regional Office of Education No. 35 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2016 with comparative information for the year ended June 30, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2016 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$66,254 (19%) from \$349,439 in FY 2015 to \$415,693 in FY 2016. This was the result of the \$67,808 increase in General State Aid (GSA) revenue. The General Fund's expenditures decreased by \$87,112 (25%) from \$351,265 in FY 2015 to \$264,153 in FY 2016. This was primarily the result of a decrease in salaries and benefits paid from GSA.
- Within the Governmental Funds, the Special Revenue Funds' revenues increased by \$623,582 (48%) from \$1,299,169 in FY 2015 to \$1,922,751 in FY 2016. This is a result of the addition of the STEM Math and Science grants, which brought in \$608,905 in grant revenue, and the RSSCEP grant, \$38,114. In addition, SSOS foundational service dollars increased by \$20,717. The Special Revenue Funds' expenditures increased by \$654,437 (51%) from \$1,287,524 in FY 2015 to \$1,941,961 in FY 2016 as a result of the increased funding.
- The Enterprise Funds' revenues decreased by \$36,088 (25%) from \$144,827 in FY 2015 to \$108,739 in FY 2016. This was due to a large decrease in schools and teachers participating in workshops offered by the ROE. The Enterprise Funds' expenditures decreased by \$38,302 (25%) from \$153,384 in FY 2015 to \$115,082 in FY 2016. There was a decrease in expenditures relating to the decrease in revenue in Workshops.

Using This Report

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

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The ROE has three kinds of funds:

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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

Government-Wide Financial Analysis

As noted earlier, net position, when examined over time, may serve as an indicator of the financial health of the ROE. The net position at the end of FY 2015 and 2016 totaled \$915,886 and \$1,193,314, respectively. The analysis that follows provides a summary of the ROE's net position as of June 30, 2016 and 2015.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets	\$ 968,759	\$ 712,406	\$ 143,274	\$ 136,907	\$ 1,112,033	\$ 849,313
Capital assets, net of depreciation	--	--	--	--	--	--
Net pension asset	21,147	99,551	1,492	9,534	22,639	109,085
TOTAL ASSETS	989,906	811,957	144,766	146,441	1,134,672	958,398
DEFERRED OUTFLOWS OF RESOURCES						
	266,292	72,192	7,873	5,682	274,165	77,874
Current liabilities	16,480	21,571	7,682	4,771	24,162	26,342
Net pension liability	129,729	17,265	--	--	129,729	17,265
TOTAL LIABILITIES	146,209	38,836	7,682	4,771	153,891	43,607
DEFERRED INFLOWS OF RESOURCES						
	57,977	70,318	3,655	6,461	61,632	76,779
NET POSITION						
Invested in capital assets, net of related debt	--	--	--	--	--	--
Restricted - other	254,648	298,106	1,492	9,534	256,140	307,640
Unrestricted	797,364	476,889	139,810	131,357	937,174	608,246
TOTAL NET POSITION	\$ 1,052,012	\$ 774,995	\$ 141,302	\$ 140,891	\$ 1,193,314	\$ 915,886

The ROE's net position increased by \$277,428 during FY 2016. This increase included a prior period adjustment of \$104,422 in the Governmental Activities and \$2,805 in the Business-Type Activities, for a total adjustment of \$107,227. This prior period adjustment related to the consolidation of ROE No. 43 and ROE No. 35. In addition to the adjustment due to the consolidation of ROE's, an increase of \$172,595 occurred in the Governmental Activities and a decrease of \$2,394 occurred in the Business-Type Activities.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

CHANGES IN NET POSITION

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 175,189	\$ 152,726	\$ 108,739	\$ 144,827	\$ 283,928	\$ 297,553
Operating grants and contributions	1,550,858	771,591	--	--	1,550,858	771,591
General revenues:						
Fees for services	5,082	6,000	--	--	5,082	6,000
Interest income	2,104	2,904	175	237	2,279	3,141
On-behalf payments	807,304	715,387	--	--	807,304	715,387
Total revenues	<u>2,540,537</u>	<u>1,648,608</u>	<u>108,914</u>	<u>145,064</u>	<u>2,649,451</u>	<u>1,793,672</u>
Expenses:						
Salaries	869,027	570,939	14,933	42,838	883,960	613,777
Benefits	64,805	60,954	4,996	3,064	69,801	64,018
Pension expense	82,164	13,973	2,171	1,254	84,335	15,227
Purchased services	455,025	195,581	84,778	93,015	539,803	288,596
Supplies and materials	75,841	42,797	6,611	11,673	82,452	54,470
Capital outlay	2,302	13,413	--	--	2,302	13,413
Miscellaneous	2,290	3,259	1,593	1,540	3,883	4,799
Payments to other governmental units	5,410	3,525	--	--	5,410	3,525
On-behalf payments	807,304	715,387	--	--	807,304	715,387
Total expenses	<u>2,364,168</u>	<u>1,619,828</u>	<u>115,082</u>	<u>153,384</u>	<u>2,479,250</u>	<u>1,773,212</u>
Income (loss) before transfers	176,369	28,780	(6,168)	(8,320)	170,201	20,460
Transfers	(3,774)	2,959	3,774	(2,959)	--	--
Change in Net Position	<u>172,595</u>	<u>31,739</u>	<u>(2,394)</u>	<u>(11,279)</u>	<u>170,201</u>	<u>20,460</u>
Net Position, beginning as originally reported	774,995	678,057	140,891	144,589	915,886	822,646
Cumulative effect of change in accounting principle or prior period adjustment due to consolidation	104,422	65,199	2,805	7,581	107,227	72,780
Net Position, beginning as restated	<u>879,417</u>	<u>743,256</u>	<u>143,696</u>	<u>152,170</u>	<u>1,023,113</u>	<u>895,426</u>
Net Position, ending, as restated	<u>\$ 1,052,012</u>	<u>\$ 774,995</u>	<u>\$ 141,302</u>	<u>\$ 140,891</u>	<u>\$ 1,193,314</u>	<u>\$ 915,886</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Governmental Activities

Revenues for governmental activities were \$2,540,537 and expenses were \$2,364,168. During FY 2016, the SSOS foundational services increased by \$20,717 and the ROE/ISC Operations grant revenue increased by \$13,236. STEM Math and STEM Science grants added an increase in revenue of \$599,487. In addition, new programs totaling \$38,114 were funded in FY 2016. A transfer totaling \$2,426 from Safety Net (no longer a source of funds, the program has been discontinued) to the ROE/ISC Operations Fund was needed to offset the overspending that was necessary to enable the ROE to complete all State mandated requirements.

Business-Type Activities

Revenues for business-type activities were \$108,914 and expenditures were \$115,082. There were no additional programs added in FY 2016. The decrease in revenue is attributed to a decrease in school and teacher participation in Workshops provided by the ROE. The expense decreases are attributed to the decline in Workshops revenue.

Financial Analysis of the ROE Funds

As previously noted, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$923,813.

Governmental Fund Highlights

- The School Services grant (ROE/ISC Operations) budget for the ROE increased by \$13,236 to \$79,296 compared to \$66,060 in revenue in FY 2015. The funding provided by the State did not pay for all school service activities, etc. Safety Net Coop dollars, a discontinued source of funds, in the amount of \$2,426 were transferred to help offset the deficit.
- LaSalle County support for the Regional Office of Education No. 35 decreased by 3%. Marshall and Putnam Counties were absorbed into Regional Office of Education No. 35 on July 1, 2015. These counties are invoiced monthly for a share of the cost of various service and personnel, such as Professional Development, truancy officers, and technology coordinators. Putnam County paid a total of \$13,655 in FY 2016. Marshall County paid a total of \$18,689 in FY 2016.
- The State Aid foundation level was the same as FY 2015 at \$6,119. In reality, due to proration, the effective foundation level was \$5,636 in FY 2016.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Proprietary Fund Highlights

Total proprietary fund net position increased by \$411 (less than 1%). The majority of the net increase in the proprietary funds is attributed to the LaSalle County Area Purchasing Coop. fund and the result of the prior period adjustment.

Fiduciary Fund Highlights

There was an increase of \$823,952 (14%) in total fiduciary funds additions for FY 2016. In FY 2016, there were 3 remaining units that receive their payments through the ROE. Transactions during FY 2016 represent mainly transfers in and out of funds for the Distributive Fund.

Budgetary Highlights

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

Capital Assets

The ROE's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE maintains an inventory of capital assets which have been accumulated over time. For FY 2016 there were no acquisitions meeting the capitalization threshold. Depreciation expense for FY 2016 was \$0. All of the ROE's capital assets were fully depreciated as of June 30, 2016.

Economic Factors and Next Year's Budget

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

- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained level for FY 2016. The ROE Service Line, Foundational Services, and Math and Science grants had increases in revenue for FY 2016. Even with the increase in the ROE/ISC dollars, covering expenditures from this source of revenue is impossible. As a result, ROE Service obligations will have to be met with other sources of revenue such as Workshops, etc. With the state government budget troubles, the FY 2017 funding status of ROE/ISC remains unknown.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

- General State Aid is being prorated at 92.1% of the FY 2016 foundation level of \$6,119 resulting in an appropriation level of \$5,636.
- County Board support for Regional Office of Education No. 35 should remain level for FY 2017, or may slightly decrease.
- As a result of Public Act 97-0703, the ROE absorbed Marshall and Putnam counties of ROE #43 into its operations with an effective date of July 1, 2015.

Contacting the ROE's Financial Management

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
STATEMENT OF NET POSITION
JUNE 30, 2016**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 391,776	\$ 113,223	\$ 504,999
Investments	357,865	25,992	383,857
Accounts receivable	90	-	90
Prepaid expenses	7,780	3,884	11,664
Due from other governmental units	211,248	175	211,423
Total current assets	<u>968,759</u>	<u>143,274</u>	<u>1,112,033</u>
Noncurrent assets			
Capital assets, net	-	-	-
Net pension asset	21,147	1,492	22,639
Total noncurrent assets	<u>21,147</u>	<u>1,492</u>	<u>22,639</u>
TOTAL ASSETS	<u>989,906</u>	<u>144,766</u>	<u>1,134,672</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>266,292</u>	<u>7,873</u>	<u>274,165</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	16,480	-	16,480
Unearned revenues	-	7,682	7,682
Total current liabilities	<u>16,480</u>	<u>7,682</u>	<u>24,162</u>
Noncurrent liabilities			
Net pension liability	<u>129,729</u>	-	<u>129,729</u>
Total noncurrent liabilities	<u>129,729</u>	<u>-</u>	<u>129,729</u>
TOTAL LIABILITIES	<u>146,209</u>	<u>7,682</u>	<u>153,891</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>57,977</u>	<u>3,655</u>	<u>61,632</u>
NET POSITION			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	797,364	139,810	937,174
Restricted - other	<u>254,648</u>	<u>1,492</u>	<u>256,140</u>
TOTAL NET POSITION	<u>\$ 1,052,012</u>	<u>\$ 141,302</u>	<u>\$ 1,193,314</u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contribution	Governmental Activities	Primary Government Business-Type Activities	
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 869,027	\$ 98,973	\$ 884,157	\$ 114,103	\$ -	\$ 114,103
Benefits	64,805	7,381	65,913	8,489	-	8,489
Pension expense	82,164	8,566	76,755	3,157	-	3,157
Purchased services	455,025	51,239	446,625	42,839	-	42,839
Supplies and materials	75,841	7,891	67,106	(844)	-	(844)
Capital outlay	2,302	262	2,371	331	-	331
Miscellaneous	2,290	261	2,359	330	-	330
Payments to other governmental units	5,410	616	5,572	778	-	778
Administrative						
On-behalf payments	807,304	-	-	(807,304)	-	(807,304)
Total governmental activities	2,364,168	175,189	1,550,858	(638,121)	-	(638,121)
Business-type activities:						
Professional development	115,082	108,739	-	-	(6,343)	(6,343)
Total business-type activities	115,082	108,739	-	-	(6,343)	(6,343)
Total primary government	\$ 2,479,250	\$ 283,928	\$ 1,550,858	(638,121)	(6,343)	(644,464)
General revenues:						
Fees for services				5,082	-	5,082
Interest income				2,104	175	2,279
On-behalf payments				807,304	-	807,304
Transfers				(3,774)	3,774	-
Total general revenues and transfers				810,716	3,949	814,665
Change in net position				172,595	(2,394)	170,201
Net position - beginning: (restated - See Note 13)				879,417	143,696	1,023,113
Net position - ending				\$ 1,052,012	\$ 141,302	\$ 1,193,314

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 267,317	\$ 6,045	\$ 68,789	\$ 21,478	\$ 28,147	\$ 391,776
Investments	250,992	-	70,776	-	36,097	357,865
Accounts receivable	-	-	-	-	90	90
Prepaid expenses	7,246	-	534	-	-	7,780
Due from other funds	201,000	-	-	-	-	201,000
Due from other governmental units	3,150	205,440	-	-	2,658	211,248
Total assets	<u>729,705</u>	<u>211,485</u>	<u>140,099</u>	<u>21,478</u>	<u>66,992</u>	<u>1,169,759</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ 729,705</u>	<u>\$ 211,485</u>	<u>\$ 140,099</u>	<u>\$ 21,478</u>	<u>\$ 66,992</u>	<u>\$ 1,169,759</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 10,927	\$ 5,553	\$ -	\$ -	\$ -	\$ 16,480
Due to other funds	-	199,827	-	-	1,173	201,000
Total liabilities	<u>10,927</u>	<u>205,380</u>	<u>-</u>	<u>-</u>	<u>1,173</u>	<u>217,480</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	28,466	-	-	-	28,466
FUND BALANCES						
Nonspendable	7,246	-	534	-	-	7,780
Restricted	-	6,075	139,565	21,478	65,819	232,937
Assigned	106,259	-	-	-	-	106,259
Unassigned	605,273	(28,436)	-	-	-	576,837
Total fund balances (deficit)	<u>718,778</u>	<u>(22,361)</u>	<u>140,099</u>	<u>21,478</u>	<u>65,819</u>	<u>923,813</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
	<u>\$ 729,705</u>	<u>\$ 211,485</u>	<u>\$ 140,099</u>	<u>\$ 21,478</u>	<u>\$ 66,992</u>	<u>\$ 1,169,759</u>

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 JUNE 30, 2016**

EXHIBIT D

Total fund balances - governmental funds		\$ 923,813
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.</p>		
Net pension asset		21,147
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
Learning Technology Center	28,436	
State Free Lunch and Breakfast	<u>30</u>	28,466
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	266,292	
Deferred inflows of resources	<u>(57,977)</u>	208,315
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		<u>(129,729)</u>
Net position of governmental activities		<u>\$ 1,052,012</u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 801,217	\$ -	\$ -	\$ -	\$ 801,217
State sources	312,319	367,371	-	-	1,485	681,175
Local sources	101,787	-	39,221	40,000	39,264	220,272
Interest	1,587	-	370	-	147	2,104
On-behalf payments	-	633,676	-	-	-	633,676
Total revenues	415,693	1,802,264	39,591	40,000	40,896	2,338,444
EXPENDITURES						
Instructional services:						
Salaries	180,160	649,517	10,685	-	28,665	869,027
Benefits	7,879	54,487	817	-	1,622	64,805
Pension expenditures	3,809	91,168	704	-	2,057	97,738
Purchased services	54,528	340,511	16,325	37,395	6,266	455,025
Supplies and materials	12,087	59,483	4,142	-	129	75,841
Miscellaneous	280	2,010	-	-	-	2,290
Payments to other governmental units	5,410	-	-	-	-	5,410
On-behalf payments	-	633,676	-	-	-	633,676
Capital outlay	-	2,302	-	-	-	2,302
Total expenditures	264,153	1,833,154	32,673	37,395	38,739	2,206,114
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	151,540	(30,890)	6,918	2,605	2,157	132,330
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(6,200)	2,426	-	-	-	(3,774)
NET CHANGE IN FUND BALANCES	145,340	(28,464)	6,918	2,605	2,157	128,556
FUND BALANCES, BEGINNING OF YEAR, as previously reported	492,280	6,103	114,216	18,873	59,363	690,835
PRIOR PERIOD ADJUSTMENT, See Note 13	81,158	-	18,965	-	4,299	104,422
FUND BALANCES, BEGINNING OF YEAR, RESTATED	573,438	6,103	133,181	18,873	63,662	795,257
FUND BALANCES (DEFICIT), END OF YEAR	\$ 718,778	\$ (22,361)	\$ 140,099	\$ 21,478	\$ 65,819	\$ 923,813

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT F

Net change in fund balances	\$	128,556
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
Learning Technology Center	28,436	
State Free Lunch and Breakfast Program	<u>30</u>	28,466
<p>Governmental funds report employer pension contributions as pension expenditures. Employer pension contributions made after the measurement date are deferred on the Statement of Activities.</p>		
		85,157
<p>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.</p>		
Pension expense (net of employer pension contributions not deferred)		<u>(69,584)</u>
Change in net position of governmental activities	\$	<u><u>172,595</u></u>

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

EXHIBIT G

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Excellence in Education	Nonmajor Proprietary Funds	
ASSETS						
Current assets						
Cash and cash equivalents	\$ 31,798	\$ 28,063	\$ 3,872	\$ 7,718	\$ 41,772	\$ 113,223
Investments	-	25,992	-	-	-	25,992
Prepaid expenses	3,884	-	-	-	-	3,884
Due from other governmental units	175	-	-	-	-	175
Total current assets	35,857	54,055	3,872	7,718	41,772	143,274
Noncurrent assets						
Net pension asset	-	1,492	-	-	-	1,492
Total noncurrent assets	-	1,492	-	-	-	1,492
TOTAL ASSETS	35,857	55,547	3,872	7,718	41,772	144,766
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	-	7,873	-	-	-	7,873
LIABILITIES						
Current liabilities						
Unearned revenues	-	7,682	-	-	-	7,682
TOTAL LIABILITIES	-	7,682	-	-	-	7,682
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	-	3,655	-	-	-	3,655
NET POSITION						
Unrestricted	35,857	50,591	3,872	7,718	41,772	139,810
Restricted - other	-	1,492	-	-	-	1,492
TOTAL NET POSITION	\$ 35,857	\$ 52,083	\$ 3,872	\$ 7,718	\$ 41,772	\$ 141,302

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT H

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Excellence in Education	Nonmajor Proprietary Funds	
OPERATING REVENUES						
Fees for services	\$ 28,876	\$ 31,207	\$ 10,525	\$ 21,634	\$ 16,497	\$ 108,739
OPERATING EXPENSES						
Salaries	-	12,215	-	-	2,718	14,933
Benefits	-	4,629	-	-	367	4,996
Pension expense	-	2,171	-	-	-	2,171
Purchased services	29,289	5,794	15,883	31,989	1,823	84,778
Supplies and materials	3,345	346	-	649	2,271	6,611
Miscellaneous	1,465	128	-	-	-	1,593
Total operating expenses	34,099	25,283	15,883	32,638	7,179	115,082
OPERATING INCOME (LOSS)	(5,223)	5,924	(5,358)	(11,004)	9,318	(6,343)
NONOPERATING REVENUES						
Interest	98	39	-	38	-	175
INCOME (LOSS) BEFORE TRANSFERS	(5,125)	5,963	(5,358)	(10,966)	9,318	(6,168)
TRANSFERS						
Transfers in	2,400	-	3,800	-	-	6,200
Transfers out	-	-	-	-	(2,426)	(2,426)
Transfers, net	2,400	-	3,800	-	(2,426)	3,774
CHANGE IN NET POSITION	(2,725)	5,963	(1,558)	(10,966)	6,892	(2,394)
NET POSITION:						
BEGINNING OF YEAR, as previously reported	37,460	46,120	5,430	18,684	33,197	140,891
PRIOR PERIOD ADJUSTMENT, See Note 13	1,122	-	-	-	1,683	2,805
BEGINNING OF YEAR, as restated	38,582	46,120	5,430	18,684	34,880	143,696
NET POSITION, END OF YEAR	\$ 35,857	\$ 52,083	\$ 3,872	\$ 7,718	\$ 41,772	\$ 141,302

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT I

	Business Type Activities - Enterprise Funds					Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Excellence in Education	Nonmajor Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts for workshops and services	\$ 34,419	\$ 34,868	\$ 9,775	\$ 21,634	\$ 16,497	\$ 117,193
Payments to employees	-	(12,215)	-	-	(2,718)	(14,933)
Payments to suppliers and providers of goods and services	(34,843)	(10,023)	(15,883)	(32,638)	(4,461)	(97,848)
Net cash provided by (used in) operating activities	(424)	12,630	(6,108)	(11,004)	9,318	4,412
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Transfers in (out)	2,400	-	3,800	-	(2,426)	3,774
Net cash provided by (used in) non capital financing activities	2,400	-	3,800	-	(2,426)	3,774
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of Investments	-	(39)	-	-	-	(39)
Proceeds from withdrawal of investments	-	-	-	14,766	-	14,766
Interest	98	39	-	38	-	175
Net cash provided by investing activities	98	-	-	14,804	-	14,902
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,074	12,630	(2,308)	3,800	6,892	23,088
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR as restated	29,724	15,433	6,180	3,918	34,880	90,135
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 31,798	\$ 28,063	\$ 3,872	\$ 7,718	\$ 41,772	\$ 113,223
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (5,223)	\$ 5,924	\$ (5,358)	\$ (11,004)	\$ 9,318	\$ (6,343)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Effects of changes in assets, deferred outflows, liabilities and deferred inflows:						
Prepaid expenses	(744)	-	-	-	-	(744)
Due from other governmental units	5,543	-	-	-	-	5,543
Net pension asset	-	8,042	-	-	-	8,042
Deferred outflows of resources	-	(2,191)	-	-	-	(2,191)
Unearned revenues	-	3,661	(750)	-	-	2,911
Deferred inflows of resources	-	(2,806)	-	-	-	(2,806)
Net cash provided by (used in) operating activities	\$ (424)	\$ 12,630	\$ (6,108)	\$ (11,004)	\$ 9,318	\$ 4,412

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u><u>\$ 22</u></u>
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LIABILITIES

Due to other governmental units	<u><u>\$ 22</u></u>
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The notes to the financial statements are an integral part of this statement.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

The ROE has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Marshall and Putnam Counties were absorbed into the ROE. See also Note 13.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. New Accounting Pronouncements

Effective July 1, 2015, the ROE adopted the following accounting pronouncements:

- Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

The ROE adopted these pronouncements during the fiscal year ended June 30, 2016, however, their implementation did not have a significant impact on the ROE's financial statements.

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

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

E. Fund Accounting

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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

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

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

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

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

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

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

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

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Fairmount Minerals Grants – To account for funds received from Fairmount Minerals to promote instructional innovation and nutritional wellness in LaSalle County Schools.

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

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

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

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

Marshall and Putnam County Funding - to account for monies billed and received from Marshall and Putnam counties relating to the shared services of the technology director, truancy officers, and licensure personnel.

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types

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

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

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

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

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

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

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

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

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Fiduciary Fund Types

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

Agency Funds are custodial in nature and do not involve measurement of results of operations. The amounts due to school districts and due to other governments are equal to the assets. Agency Funds include Distributive and Payroll.

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

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

F. Governmental Fund Balances

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

G. Revenues - Exchange and Non-exchange Transactions

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

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

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Cash and Cash Equivalents

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

I. Investments

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

J. Capital Assets

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

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

K. Deferred Outflows of Resources and Deferred Inflows of Resources

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

L. Estimates

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Budgets and Budgetary Accounting

The ROE did not formally adopt a budget for the year ended June 30, 2016 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following accounts within the Education Fund: McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative Programs, STEM Science, STEM Math, SSOS AIR Foundational Services, ROE/ISC Operations, RSSCEP, Teacher Quality, and Teacher Quality - Leadership.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits

The ROE utilizes several different bank accounts for its various activities. The book balance of such accounts is \$888,878 at June 30, 2016, while the bank balance was \$915,239. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2016. Of the total bank balance as of June 30, 2016, \$734,443 was insured by Federal depository insurance, and \$180,796 was collateralized by securities pledged by the ROE's financial institution that were held by the financial institution's agent but not in the name of the ROE.

Investments

As of June 30, 2016, the ROE had investments with carrying and fair values as follows:

Investment Type	Carrying Amount	Fair Value
Illinois Funds Money Market	\$ 9,591	\$ 9,591
	\$ 9,591	\$ 9,591

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235.

Interest Rate Risk

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

Fair Value Measurements

The ROE's financial instruments consist principally of cash and cash equivalents, including the above mentioned certificates of deposit and money market accounts. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the agency has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The fair value of the ROE's certificates of deposit and money market accounts was determined based on "Level 1" inputs. The valuation techniques used to measure the fair value of the "Level 1" instruments were valued based on quoted market prices from observable market data. The ROE does not have any financial instruments in the "Level 2" or "Level 3" category.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets for the year ended June 30, 2016.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Equipment	\$ 20,966	\$ -	\$ -	\$ 20,966
Less: accumulated depreciation	20,966	-	-	20,966
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS

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

DUE FROM OTHER GOVERNMENTAL UNITS	
Illinois State Board of Education	\$ 156,764
Local school districts	<u>54,659</u>
Total	<u><u>\$ 211,423</u></u>
 DUE TO OTHER GOVERNMENTAL UNITS	
Regional Office of Education #35	<u>\$ 22</u>
Total	<u><u>\$ 22</u></u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 - INTERFUND TRANSACTIONS

(a) Transfers From/To Other Funds

The composition of interfund transfers for the year ended June 30, 2016 is as follows:

Fund	Transfers-in	Transfers-out
Education Fund - ROE/ISC Operations	\$ 2,426	\$ -
General Fund - Title II Teacher Quality (from Schools)	-	6,200
Proprietary Funds - Discovery United Streaming Coop.	3,800	-
Proprietary Funds – Workshop	2,400	-
Proprietary Funds – School Improvement Coop Safety Net	-	2,426
Total	<u>\$ 8,626</u>	<u>\$ 8,626</u>

(b) Due From/To Other Funds

The following is a summary of amounts due from/to other funds as of June 30, 2016:

Fund	Due From	Due To
General Fund - General State Aid	\$ 201,000	\$ -
Education Fund – Regional Safe Schools	-	32
Education Fund – Truants Alternative Programs	-	19,443
Education Fund – ROE/ISC Operations	-	79,296
Education Fund – Learning Technology Center	-	28,436
Education Fund – RSSCEP	-	5,614
Education Fund – WIA Youth Activities	-	7,035
Education Fund – McKinney Education for Homeless Children	-	14,691
Education Fund – Teacher Quality	-	446
Education Fund – Teacher Quality - Leadership	-	1,500
Education Fund – STEM Science	-	19,674
Education Fund – STEM Math	-	23,660
Nonmajor Fund – Marshall and Putnam County Funding	-	1,173
Total	<u>\$ 201,000</u>	<u>\$ 201,000</u>

These interfund loans were necessitated by the State or schools not timely paying their obligations to the ROE (or other entities which in turn paid the ROE). Each of these interfund loans was repaid by the end of September 2016.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
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NOTE 6 - RETIREMENT PLANS

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

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

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

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

Illinois Municipal Retirement Fund

IMRF Plan Description

The ROE's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The ROE's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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).

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NOTE 6 - RETIREMENT PLANS (continued)

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	11
Inactive Plan Members entitled to but not yet receiving benefits	30
Active Plan Members	14
Total	55

Contributions

As set by statute, the ROE's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The ROE's annual contribution rate for calendar year 2015 was 12.26%. For the calendar year ended December 31, 2015, the ROE contributed \$33,348 to the plan. The ROE also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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NOTE 6 - RETIREMENT PLANS (continued)

Net Pension Liability

The ROE's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

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NOTE 6 - RETIREMENT PLANS (continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.50%.

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NOTE 6 - RETIREMENT PLANS (continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	<u>\$ 1,256,662</u>	<u>\$ 1,365,747</u>	<u>\$ (109,085)</u>
Changes for the year:			
Service Cost	22,546	-	22,546
Interest on the Total Pension Liability	93,303	-	93,303
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	59,632	-	59,632
Changes of Assumptions	-	-	-
Contributions - Employer	-	33,348	(33,348)
Contributions - Employees	-	12,239	(12,239)
Net Investment Income	-	50,562	(50,562)
Benefit Payments, including Refunds of Employee Contributions	(47,790)	(47,790)	-
Other (Net Transfer)	-	(7,114)	(7,114)
Net Changes	<u>127,691</u>	<u>41,245</u>	<u>86,446</u>
Balances at December 31, 2015	<u>\$ 1,384,353</u>	<u>\$ 1,406,992</u>	<u>\$ (22,639)</u>

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

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability/(Asset)	<u>\$ 144,891</u>	<u>\$ (22,639)</u>	<u>\$ (156,300)</u>

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NOTE 6 - RETIREMENT PLANS (continued)

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

For the year ended June 30, 2016, the ROE recognized pension expense of \$51,397. At June 30, 2016, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 46,316	\$ -
Changes of assumptions	16,754	-
Net difference between projected and actual earnings on pension plan investments	<u>38,675</u>	<u>55,448</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>101,745</u>	<u>55,448</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>17,677</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 119,422</u>	<u>\$ 55,448</u>

\$17,677 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2017.

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

Year Ending December 31	Net Deferred Outflows / (Inflows) of Resources
2016	\$ 38,191
2017	7,253
2018	(8,815)
2019	9,668
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 46,297</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
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NOTE 6 - RETIREMENT PLANS (continued)

Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

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

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

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

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NOTE 6 - RETIREMENT PLANS (continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

- **On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2016, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the ROE, and the ROE recognized revenue and expenditures of \$173,628 in pension contributions from the state of Illinois.
- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016 were \$2,309, and are deferred because they were paid after the June 30, 2015 measurement date.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$183,825 were paid from federal and special trust funds that required employer contributions of \$66,287. \$66,299 of contributions were paid, and these contributions are deferred because they were paid after the June 30, 2015 measurement date.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
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NOTE 6 - RETIREMENT PLANS (continued)

- **Employer Retirement Cost Contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the employer paid \$0 to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the ROE reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the ROE. The state's support and total are for disclosure purposes only. The amount recognized by the ROE as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the ROE were as follows:

ROE's proportionate share of the net pension liability	\$ 129,729
State's proportionate share of the net pension liability associated with the ROE	<u>2,119,267</u>
Total	<u>\$ 2,248,996</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The ROE's proportion of the net pension liability was based on the ROE's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the ROE's proportion was 0.0001980285 percent, which was an increase of 0.0001578334 from its proportion measured as of June 30, 2014.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
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NOTE 6 - RETIREMENT PLANS (continued)

For the year ended June 30, 2016, the ROE recognized pension expense of \$173,628 and revenue of \$173,628 for support provided by the state. For the year ended June 30, 2016, the ROE recognized pension expense of \$30,772. At June 30, 2016, the ROE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49	\$ 142
Net difference between projected and actual earnings on pension plan investments	2,570	4,542
Changes of assumptions	1,795	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	81,721	1,500
Employer contributions subsequent to the measurement date	68,608	-
Total	\$ 154,743	\$ 6,184

\$68,608 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows / (Inflows) of Resources
2017	\$ 19,966
2018	19,966
2019	19,966
2020	20,053
Total	\$ 79,951

Actuarial assumptions

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

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

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

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NOTE 6 - RETIREMENT PLANS (continued)

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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

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

Discount rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

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NOTE 6 - RETIREMENT PLANS (continued)

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

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

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

The following presents the ROE’s proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the ROE’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
ROE’s proportionate share of the net pension liability	\$ 160,313	\$ 129,729	\$ 104,648

TRS fiduciary net position

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

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided

The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE's insurance provider. Only one former employee has chosen to continue participation in the plan. The implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* is insignificant. Therefore, the ROE has not recorded any postemployment benefit liability as of June 30, 2016.

Teacher Health Insurance Security Fund

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

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

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

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

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$4,260 and the ROE recognized revenue and expenditures of this amount during the year.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent, respectively. State contributions on behalf of ROE's employees were \$2,840 and \$1,693, respectively.

- **Employer contributions to the THIS Fund**

The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .80 percent during the year ended June 30, 2016 and .76 and .72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the ROE paid \$3,185 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the ROE paid \$2,116 and \$1,256, respectively, which was 100 percent of the required contributions.

Further information on the THIS Fund

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

NOTE 8 - COMMON BANK ACCOUNT

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

NOTE 9 - INTEREST ON DISTRIBUTIVE FUND

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 – ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

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

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

Regional Superintendent (RS) salary	\$ 112,008
Regional Superintendent benefits (includes State paid insurance)	35,580
Assistant Regional Superintendent (ARS) salary	92,411
Assistant Regional Superintendent benefits (includes State paid insurance)	20,548
TRS contributions for RS & ARS & THIS contributions for ROE employees	<u>77,974</u>
Subtotal on-behalf payments by the State of Illinois	<u>\$ 338,521</u>

As discussed in Note 6, the ROE also recognized \$173,628 of on-behalf payments for the ROE’s share of the State’s TRS pension expense.

Subtotal on-behalf payments by the State of Illinois	\$ 338,521
ROE’s share of TRS pension expense	<u>173,628</u>
Total on-behalf payments by the State of Illinois	<u>\$ 512,149</u>

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

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

Truant Officer salaries	\$ 78,478
Truant Officer benefits	45,089
Clerical salaries	112,766
Clerical benefits	<u>58,822</u>
Total on-behalf payments by LaSalle County	<u>\$ 295,155</u>

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – OTHER DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

A. The following fund/account had a deficit fund balance at June 30, 2016.

<u>Fund/Account</u>	<u>Amount</u>
Learning Technology Center	\$ 28,436

B. The following fund had an excess of actual expenditures over budget for the year ended June 30, 2016.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
ROE/ISC Operations	\$ 79,296	\$ 81,722	\$ 2,426

NOTE 12 – LEASES

The ROE entered into a lease with Kingdom Enterprises for the use of property in LaSalle, Illinois for the Regional Work Study Program. The lease term was from September 28, 2015 to May 28, 2016 at a rate of \$200 per month. The rent paid for this lease during the year ended June 30, 2016 was \$1,600.

The ROE annually enters into a rental agreement with the LaSalle/Putnam County Educational Alliance for Special Education (LEASE) for the use of office space for its Regional Safe School Program. The lease term is from July 1, 2015 to June 30, 2016 at a rate of \$2,765 per month. The rent paid for the year ended June 30, 2016 was \$33,180.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13 – PRIOR PERIOD ADJUSTMENT – GOVERNMENT MERGER

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions. Effective July 1, 2015, the Regional Office of Education No. 35 absorbed Marshall County and Putnam County from the former Regional Office of Education No. 43 (ROE No. 43). Woodford County from the former Regional Office of Education No. 43 was absorbed by Regional Office of Education No. 53 (ROE No. 53).

ROE No. 43’s remaining funds were allocated between ROE No. 35 and ROE No. 53 per the terms of an Intergovernmental Agreement signed by all involved parties. On July 1, 2015, ROE No. 35 recognized current assets, deferred outflows of resources, noncurrent liabilities, deferred inflows of resources, and net position for its allocated portion of the former ROE No. 43. No adjustments were needed related to nonconformity with accounting policies, and ROE No. 43 did not have capital assets recorded that might have needed adjustment for impairment.

The following table shows the combination of ROE No. 35’s accounts at July 1, 2015, with the allocated amounts from ROE No. 43, to arrive at ROE No. 35’s restated net position at July 1, 2015.

	<u>ROE No. 35</u>	<u>ROE No. 43</u>	<u>July 1, 2015 Restated Total</u>
ASSETS			
Current assets	\$ 849,313	\$ 112,440	\$ 961,753
Noncurrent assets	<u>109,085</u>	<u>-</u>	<u>109,085</u>
Total assets	<u>958,398</u>	<u>112,440</u>	<u>1,070,838</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>77,874</u>	<u>2,346</u>	<u>80,220</u>
LIABILITIES			
Current liabilities	26,342	-	26,342
Noncurrent liabilities	<u>17,265</u>	<u>7,197</u>	<u>24,462</u>
Total liabilities	<u>43,607</u>	<u>7,197</u>	<u>50,804</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>76,779</u>	<u>362</u>	<u>77,141</u>
NET POSITION			
Unrestricted	608,246	84,217	692,463
Restricted – other	<u>307,640</u>	<u>23,010</u>	<u>330,650</u>
Total net position	<u>\$ 915,886</u>	<u>\$ 107,227</u>	<u>\$ 1,023,113</u>

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
A. Total pension liability		
Service Cost	\$ 22,546	\$ 31,000
Interest on the Total Pension Liability	93,303	82,384
Changes of benefit terms	-	-
Difference between expected and actual experience of the Total Pension Liability	59,632	26,333
Changes of assumptions	-	52,106
Benefit payments, including refunds of employee contributions	<u>(47,790)</u>	<u>(36,220)</u>
Net Change in Total Pension Liability	127,691	155,603
Total pension liability-beginning	<u>1,256,662</u>	<u>1,101,059</u>
Total pension liability-ending {A}	<u>\$ 1,384,353</u>	<u>\$ 1,256,662</u>
B. Plan fiduciary net position		
Contributions-employer	\$ 33,348	\$ 23,944
Contributions-employee	12,239	10,807
Net investment income	50,562	181,588
Benefit payments, including refunds of employee contributions	(47,790)	(36,220)
Other (Net Transfer)	<u>(7,114)</u>	<u>(3,187)</u>
Net Change in plan fiduciary net position	41,245	176,932
Plan fiduciary net position-beginning	<u>1,365,747</u>	<u>1,188,815</u>
Plan fiduciary net position-ending {B}	<u>\$ 1,406,992</u>	<u>\$ 1,365,747</u>
C. Net pension liability/(asset) {A-B}	<u>\$ (22,639)</u>	<u>\$ (109,085)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	101.63%	108.68%
E. Covered Valuation payroll	\$ 271,979	\$ 240,162
F. Net pension liability as a percentage of covered valuation payroll	(8.32%)	(45.42%)

Notes to Schedule:

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$22,455	\$23,944	(\$1,489)	\$240,162	9.97%
2015	\$24,478	\$33,348	(\$8,870)	\$271,979	12.26%

Notes to Schedule:

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 28-year closed period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 4%
Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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

	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.00019803%	0.00002837%
Employer's proportionate share of the net pension liability	\$ 129,729	\$ 17,265
State's proportionate share of the net pension liability associated with the employer	2,119,267	1,076,632
Total	\$ 2,248,996	\$ 1,093,897
Employer's covered-employee payroll	\$ 324,504	\$ 174,512
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	39.98%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	41.50%	43.0%

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

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

Notes to Required Supplementary Information

Changes of assumptions

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

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 68,596	\$ 6,392	\$ 1,012
Contributions in relation to the statutorily-required contributions	<u>68,608</u>	<u>6,392</u>	<u>1,028</u>
Contribution deficiency (excess)	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ (16)</u>
Employer's covered-employee payroll	\$ 398,134	\$ 278,471	\$ 174,512
Contributions as a percentage of covered-employee payroll	17.23%	2.30%	0.6%

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

SUPPLEMENTARY INFORMATION

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2016**

SCHEDULE 1

	General	RSSP Student	Title II - Teacher Quality (from Schools)	General State Aid	Total
ASSETS					
Cash and cash equivalents	\$ 28,730	\$ 15,903	\$ 87,206	\$ 135,478	\$ 267,317
Investments	250,992	-	-	-	250,992
Prepaid expenses	1,275	-	-	5,971	7,246
Due from other funds	-	-	-	201,000	201,000
Due from other governmental units	-	3,150	-	-	3,150
Total Assets	<u>280,997</u>	<u>19,053</u>	<u>87,206</u>	<u>342,449</u>	<u>729,705</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 280,997</u>	<u>\$ 19,053</u>	<u>\$ 87,206</u>	<u>\$ 342,449</u>	<u>\$ 729,705</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 10,927	\$ 10,927
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,927</u>	<u>10,927</u>
DEFERRED INFLOWS OF RESOURCES					
	-	-	-	-	-
FUND BALANCES					
Nonspendable	1,275	-	-	5,971	7,246
Assigned	-	19,053	87,206	-	106,259
Unassigned	279,722	-	-	325,551	605,273
Total fund balances	<u>280,997</u>	<u>19,053</u>	<u>87,206</u>	<u>331,522</u>	<u>718,778</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 280,997</u>	<u>\$ 19,053</u>	<u>\$ 87,206</u>	<u>\$ 342,449</u>	<u>\$ 729,705</u>

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 2

	General	RSSP Student	Title II - Teacher Quality (from Schools)	General State Aid	Total
REVENUES					
State sources	\$ -	\$ -	\$ -	\$ 312,319	\$ 312,319
Local sources	5,082	69,300	27,405	-	101,787
Interest	993	-	-	594	1,587
Total revenues	<u>6,075</u>	<u>69,300</u>	<u>27,405</u>	<u>312,913</u>	<u>415,693</u>
EXPENDITURES					
Salaries	-	51,761	-	128,399	180,160
Benefits	-	4,101	-	3,778	7,879
Pension expenditures	-	2,084	-	1,725	3,809
Purchased services	5,114	-	575	48,839	54,528
Supplies and materials	6,553	-	-	5,534	12,087
Miscellaneous	-	-	-	280	280
Payments to other governmental units	-	-	5,410	-	5,410
Total expenditures	<u>11,667</u>	<u>57,946</u>	<u>5,985</u>	<u>188,555</u>	<u>264,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,592)</u>	<u>11,354</u>	<u>21,420</u>	<u>124,358</u>	<u>151,540</u>
OTHER FINANCING USES					
Transfers out	-	-	(6,200)	-	(6,200)
	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>-</u>	<u>(6,200)</u>
NET CHANGE IN FUND BALANCE	<u>(5,592)</u>	<u>11,354</u>	<u>15,220</u>	<u>124,358</u>	<u>145,340</u>
FUND BALANCES, BEGINNING OF YEAR, as previously reported	285,573	7,699	71,986	127,022	492,280
PRIOR PERIOD ADJUSTMENT, See Note 13	1,016	-	-	80,142	81,158
FUND BALANCES, BEGINNING OF YEAR, RESTATED	<u>286,589</u>	<u>7,699</u>	<u>71,986</u>	<u>207,164</u>	<u>573,438</u>
FUND BALANCES, END OF YEAR	<u>\$ 280,997</u>	<u>\$ 19,053</u>	<u>\$ 87,206</u>	<u>\$ 331,522</u>	<u>\$ 718,778</u>

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2016

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	STEM Science	STEM Math	SSOS AIR Foundational Services	ROE/ISC Operations	WIA Youth Activities
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	14,691	32	24,996	19,674	23,660	-	79,296	7,035
Total assets	14,691	32	24,996	19,674	23,660	-	79,296	7,035
DEFERRED OUTFLOWS OF RESOURCES								
	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
	\$ 14,691	\$ 32	\$ 24,996	\$ 19,674	\$ 23,660	\$ -	\$ 79,296	\$ 7,035
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 5,553	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	14,691	32	19,443	19,674	23,660	-	79,296	7,035
Total liabilities	14,691	32	24,996	19,674	23,660	-	79,296	7,035
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficit)	-	-	-	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
	\$ 14,691	\$ 32	\$ 24,996	\$ 19,674	\$ 23,660	\$ -	\$ 79,296	\$ 7,035

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2016

	Learning Technology Center	RSSCEP	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality- Leadership	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 1,959	\$ 3,756	\$ 330	\$ -	\$ -	\$ 6,045
Due from other governmental units	28,436	5,614	-	-	60	446	1,500	205,440
Total assets	28,436	5,614	1,959	3,756	390	446	1,500	211,485
DEFERRED OUTFLOWS OF RESOURCES								
	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
	\$ 28,436	\$ 5,614	\$ 1,959	\$ 3,756	\$ 390	\$ 446	\$ 1,500	\$ 211,485
LIABILITIES								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,553
Due to other funds	28,436	5,614	-	-	-	446	1,500	199,827
Total liabilities	28,436	5,614	-	-	-	446	1,500	205,380
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	28,436	-	-	-	30	-	-	28,466
FUND BALANCES								
Restricted	-	-	1,959	3,756	360	-	-	6,075
Unassigned	(28,436)	-	-	-	-	-	-	(28,436)
Total fund balances (deficit)	(28,436)	-	1,959	3,756	360	-	-	(22,361)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
	\$ 28,436	\$ 5,614	\$ 1,959	\$ 3,756	\$ 390	\$ 446	\$ 1,500	\$ 211,485

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2016

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	STEM Science	STEM Math	SSOS AIR Foundational Services	ROE/ISC Operations	WIA - Youth Activities
REVENUES								
Federal sources	\$ 22,349	\$ -	\$ -	\$ 299,577	\$ 309,328	\$ 70,700	\$ -	\$ 71,119
State sources	-	77,032	162,431	-	-	-	79,296	-
On-behalf payments	-	1,419	123,979	843	843	198	506,394	-
Total revenues	22,349	78,451	286,410	300,420	310,171	70,898	585,690	71,119
EXPENDITURES								
Salaries	4,725	62,327	113,244	112,410	125,653	56,181	49,824	65,017
Benefits	255	6,515	17,033	7,244	4,926	992	9,460	1,439
Pension expenditures	348	861	7,514	32,644	33,764	9,649	2,498	817
Purchased services	16,631	2,657	15,695	129,143	123,322	2,394	15,946	1,600
Supplies and materials	390	4,672	7,408	18,136	21,663	1,484	1,219	2,246
Capital outlay	-	-	1,537	-	-	-	765	-
Miscellaneous	-	-	-	-	-	-	2,010	-
On-behalf payments	-	1,419	123,979	843	843	198	506,394	-
Total expenditures	22,349	78,451	286,410	300,420	310,171	70,898	588,116	71,119
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	(2,426)	-
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	2,426	-
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016**

	Learning Technology Center	RSSCEP	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality- Leadership	Total
REVENUES								
Federal sources	\$ -	\$ -	\$ 9,027	\$ 14,983	\$ -	\$ 446	\$ 3,688	\$ 801,217
State sources	10,254	38,114	-	-	244	-	-	367,371
On-behalf payments	-	-	-	-	-	-	-	633,676
Total revenues	10,254	38,114	9,027	14,983	244	446	3,688	1,802,264
EXPENDITURES								
Salaries	29,948	30,000	-	-	-	-	188	649,517
Benefits	4,328	2,295	-	-	-	-	-	54,487
Pension expenditures	3,073	-	-	-	-	-	-	91,168
Purchased services	1,341	4,000	8,765	15,517	-	-	3,500	340,511
Supplies and materials	-	1,819	-	-	-	446	-	59,483
Capital outlay	-	-	-	-	-	-	-	2,302
Miscellaneous	-	-	-	-	-	-	-	2,010
On-behalf payments	-	-	-	-	-	-	-	633,676
Total expenditures	38,690	38,114	8,765	15,517	-	446	3,688	1,833,154
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(28,436)	-	262	(534)	244	-	-	(30,890)
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	2,426
NET CHANGE IN FUND BALANCE	(28,436)	-	262	(534)	244	-	-	(28,464)
FUND BALANCES, BEGINNING OF YEAR	-	-	1,697	4,290	116	-	-	6,103
FUND BALANCES (DEFICIT), END OF YEAR	\$ (28,436)	\$ -	\$ 1,959	\$ 3,756	\$ 360	\$ -	\$ -	\$ (22,361)

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>McKinney Education for Homeless Children</u>				<u>Regional Safe Schools</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>		<u>Favorable</u>	<u>Budget</u>	<u>Budget</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>				<u>(Unfavorable)</u>
REVENUE								
Federal sources	\$ 22,349	\$ 22,349	\$ 22,349	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	77,032	77,032	77,032	-
On-behalf payments	-	-	-	-	-	-	1,419	1,419
Total revenue	<u>22,349</u>	<u>22,349</u>	<u>22,349</u>	<u>-</u>	<u>77,032</u>	<u>77,032</u>	<u>78,451</u>	<u>1,419</u>
EXPENDITURES								
Salaries	4,800	4,725	4,725	-	62,000	62,000	62,327	(327)
Benefits	630	603	255	348	7,915	7,915	6,515	1,400
Pension expenditures	-	-	348	(348)	-	-	861	(861)
Purchased services	16,882	16,631	16,631	-	3,169	3,169	2,657	512
Supplies and materials	37	390	390	-	3,948	3,948	4,672	(724)
Capital outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	-	-	-	-	1,419	(1,419)
Total expenditures	<u>22,349</u>	<u>22,349</u>	<u>22,349</u>	<u>-</u>	<u>77,032</u>	<u>77,032</u>	<u>78,451</u>	<u>(1,419)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES								
Transfers in			<u>-</u>				<u>-</u>	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES			<u>-</u>				<u>-</u>	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	Truants Alternative Programs				STEM Science			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 299,577	\$ (200,423)
State sources	162,431	162,431	162,431	-	-	-	-	-
On-behalf payments	-	-	123,979	123,979	-	-	843	843
Total revenue	162,431	162,431	286,410	123,979	500,000	500,000	300,420	(199,580)
EXPENDITURES								
Salaries	122,335	119,123	113,244	5,879	146,706	180,856	112,410	68,446
Benefits	26,264	24,164	17,033	7,131	46,779	73,779	7,244	66,535
Pension expenditures	-	-	7,514	(7,514)	-	-	32,644	(32,644)
Purchased services	9,819	12,931	15,695	(2,764)	288,987	172,695	129,143	43,552
Supplies and materials	3,213	5,413	7,408	(1,995)	17,528	72,670	18,136	54,534
Capital outlay	800	800	1,537	(737)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	123,979	(123,979)	-	-	843	(843)
Total expenditures	162,431	162,431	286,410	(123,979)	500,000	500,000	300,420	199,580
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES								
Transfers in			-				-	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES			-				-	
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

Note: The Original and Final Budgets for STEM Science include the budgets for both FY15 and FY16 Program Years.

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

STEM Math

SSOS AIR Foundational Services

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE								
Federal sources	\$ 500,000	\$ 500,000	\$ 309,328	\$ (190,672)	\$ 81,732	\$ 94,047	\$ 70,700	\$ (23,347)
State sources	-	-	-	-	-	-	-	-
On-behalf payments	-	-	843	843	-	-	198	198
Total revenue	<u>500,000</u>	<u>500,000</u>	<u>310,171</u>	<u>(189,829)</u>	<u>81,732</u>	<u>94,047</u>	<u>70,898</u>	<u>(23,149)</u>
EXPENDITURES								
Salaries	146,706	201,456	125,653	75,803	62,043	75,543	56,181	19,362
Benefits	43,407	76,407	4,926	71,481	12,102	12,859	992	11,867
Pension expenditures	-	-	33,764	(33,764)	-	-	9,649	(9,649)
Purchased services	253,907	155,830	123,322	32,508	5,544	3,602	2,394	1,208
Supplies and materials	55,980	66,307	21,663	44,644	2,043	2,043	1,484	559
Capital outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	843	(843)	-	-	198	(198)
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>310,171</u>	<u>189,829</u>	<u>81,732</u>	<u>94,047</u>	<u>70,898</u>	<u>23,149</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES								
Transfers in			<u>-</u>				<u>-</u>	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES			<u>-</u>				<u>-</u>	
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>				<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

Note: The Original and Final Budgets for STEM Math include the budgets for both FY15 and FY16 Program Years.

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	ROE/ISC Operations				RSSCEP			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	79,296	79,296	79,296	-	38,114	38,114	38,114	-
On-behalf payments	-	-	506,394	506,394	-	-	-	-
Total revenue	79,296	79,296	585,690	506,394	38,114	38,114	38,114	-
EXPENDITURES								
Salaries	50,956	50,956	49,824	1,132	30,000	30,000	30,000	-
Benefits	10,319	10,319	9,460	859	2,295	2,295	2,295	-
Pension expenditures	-	-	2,498	(2,498)	-	-	-	-
Purchased services	15,021	15,021	15,946	(925)	5,000	5,000	4,000	1,000
Supplies and materials	1,000	1,000	1,219	(219)	819	819	1,819	(1,000)
Capital outlay	1,000	1,000	765	235	-	-	-	-
Miscellaneous	1,000	1,000	2,010	(1,010)	-	-	-	-
On-behalf payments to governments	-	-	506,394	(506,394)	-	-	-	-
Total expenditures	79,296	79,296	588,116	(508,820)	38,114	38,114	38,114	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>(2,426)</u>	<u>\$ (2,426)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES								
Transfers in			2,426				-	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES				-			-	
FUND BALANCE, BEGINNING OF YEAR				-			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	Teacher Quality				Teacher Quality - Leadership			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE								
Federal sources	\$ 446	\$ 446	\$ 446	\$ -	\$ 3,688	\$ 3,688	\$ 3,688	\$ -
State sources	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-	-	-
Total revenue	446	446	446	-	3,688	3,688	3,688	-
EXPENDITURES								
Salaries	-	-	-	-	188	188	188	-
Benefits	-	-	-	-	-	-	-	-
Pension expenditures	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	3,500	3,500	3,500	-
Supplies and materials	446	446	446	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
On-behalf payments to governments	-	-	-	-	-	-	-	-
Total expenditures	446	446	446	-	3,688	3,688	3,688	-
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES								
Transfers in			-				-	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES			-				-	
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>				<u>\$ -</u>	

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

SCHEDULE 6

	<u>General Educational Development</u>	<u>School Bus Driver Training</u>	<u>Annexation and Sales Petition</u>	<u>Marshall and Putnam County Funding</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 19,945	\$ 6,118	\$ 2,084	\$ -	\$ 28,147
Investments	23,526	12,571	-	-	36,097
Accounts receivable	-	90	-	-	90
Due from other governmental units	-	1,485	-	1,173	2,658
	<u>43,471</u>	<u>20,264</u>	<u>2,084</u>	<u>1,173</u>	<u>66,992</u>
Total assets					
	<u>43,471</u>	<u>20,264</u>	<u>2,084</u>	<u>1,173</u>	<u>66,992</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 43,471</u>	<u>\$ 20,264</u>	<u>\$ 2,084</u>	<u>\$ 1,173</u>	<u>\$ 66,992</u>
LIABILITIES					
Due to other funds	-	-	-	1,173	\$ 1,173
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,173</u>	<u>1,173</u>
Total liabilities					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
	-	-	-	-	-
FUND BALANCES					
Restricted	43,471	20,264	2,084	-	65,819
	<u>43,471</u>	<u>20,264</u>	<u>2,084</u>	<u>-</u>	<u>65,819</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
	<u>\$ 43,471</u>	<u>\$ 20,264</u>	<u>\$ 2,084</u>	<u>\$ 1,173</u>	<u>\$ 66,992</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

SCHEDULE 7

	General Educational Development	School Bus Driver Training	Annexation and Sales Petition	Marshall and Putnam County Funding	Total
REVENUES					
State sources	\$ -	\$ 1,485	\$ -	\$ -	\$ 1,485
Local sources	1,332	3,588	2,000	32,344	39,264
Interest	96	51	-	-	147
Total revenues	<u>1,428</u>	<u>5,124</u>	<u>2,000</u>	<u>32,344</u>	<u>40,896</u>
EXPENDITURES					
Salaries	-	-	-	28,665	28,665
Benefits	-	-	-	1,622	1,622
Pension expense	-	-	-	2,057	2,057
Purchased services	-	3,557	2,709	-	6,266
Supplies and materials	-	-	129	-	129
Total expenditures	<u>-</u>	<u>3,557</u>	<u>2,838</u>	<u>32,344</u>	<u>38,739</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,428</u>	<u>1,567</u>	<u>(838)</u>	<u>-</u>	<u>2,157</u>
FUND BALANCES, BEGINNING OF YEAR, as previously reported	39,677	16,815	2,871	-	59,363
PRIOR PERIOD ADJUSTMENT, See Note 13	2,366	1,882	51	-	4,299
FUND BALANCES, BEGINNING OF YEAR RESTATED	<u>42,043</u>	<u>18,697</u>	<u>2,922</u>	<u>-</u>	<u>63,662</u>
FUND BALANCES, END OF YEAR	<u>\$ 43,471</u>	<u>\$ 20,264</u>	<u>\$ 2,084</u>	<u>\$ -</u>	<u>\$ 65,819</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2016**

SCHEDULE 8

	<u>Regional Safe School Meals</u>	<u>School Improvement Coop Safety Net</u>	<u>Evaluation and Training</u>	<u>ParaPro</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 6,348	\$ -	\$ 6,027	\$ 9,369	\$ 1,758	\$ 18,270	\$ 41,772
TOTAL ASSETS	<u>6,348</u>	<u>-</u>	<u>6,027</u>	<u>9,369</u>	<u>1,758</u>	<u>18,270</u>	<u>41,772</u>
DEFERRED OUTFLOWS OF RESOURCES							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Unrestricted	<u>\$ 6,348</u>	<u>\$ -</u>	<u>\$ 6,027</u>	<u>\$ 9,369</u>	<u>\$ 1,758</u>	<u>\$ 18,270</u>	<u>\$ 41,772</u>

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 9

	Regional Safe School Meals	School Improvement Coop Safety Net	Evaluation and Training	ParaPro	RSSP Student Activities	Criminal Background Investigation	Total
OPERATING REVENUE							
Fees for services	\$ 22	\$ -	\$ 1,975	\$ 3,830	\$ 1,153	\$ 9,517	\$ 16,497
OPERATING EXPENSES							
Salaries	-	-	1,690	-	-	1,028	2,718
Benefits	-	-	21	-	-	346	367
Purchased services	1,251	-	130	-	-	442	1,823
Supplies and materials	-	-	-	1,925	320	26	2,271
Total operating expenses	1,251	-	1,841	1,925	320	1,842	7,179
OPERATING INCOME (LOSS) BEFORE TRANSFERS	(1,229)	-	134	1,905	833	7,675	9,318
TRANSFERS							
Transfers out	-	(2,426)	-	-	-	-	(2,426)
CHANGE IN NET POSITION	(1,229)	(2,426)	134	1,905	833	7,675	6,892
NET POSITION, BEGINNING OF YEAR, as previously reported	5,894	2,426	5,893	7,464	925	10,595	33,197
PRIOR PERIOD ADJUSTMENT, see Note 13	1,683	-	-	-	-	-	1,683
NET POSITION, BEGINNING OF YEAR RESTATED	7,577	2,426	5,893	7,464	925	10,595	34,880
NET POSITION, END OF YEAR	\$ 6,348	\$ -	\$ 6,027	\$ 9,369	\$ 1,758	\$ 18,270	\$ 41,772

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 10

	Regional Safe School Meals	School Improvement Coop Safety Net	Evaluation and Training	ParaPro	RSSP Student Activities	Criminal Background Investigation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts for workshops and services	\$ 22	\$ -	\$ 1,975	\$ 3,830	\$ 1,153	\$ 9,517	\$ 16,497
Payments to employees	-	-	(1,690)	-	-	(1,028)	(2,718)
Payments to suppliers and providers of goods and services	(1,251)	-	(151)	(1,925)	(320)	(814)	(4,461)
Net cash provided by (used in) operating activities	(1,229)	-	134	1,905	833	7,675	9,318
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:							
Transfers in (out)	-	(2,426)	-	-	-	-	(2,426)
Net cash used in non capital financing activities	-	(2,426)	-	-	-	-	(2,426)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
	(1,229)	(2,426)	134	1,905	833	7,675	6,892
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR, as restated, see Note 13							
	7,577	2,426	5,893	7,464	925	10,595	34,880
CASH AND CASH EQUIVALENTS, END OF YEAR							
	\$ 6,348	\$ -	\$ 6,027	\$ 9,369	\$ 1,758	\$ 18,270	\$ 41,772
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (1,229)	\$ -	\$ 134	\$ 1,905	\$ 833	\$ 7,675	\$ 9,318
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Effects of changes in assets and liabilities:							
None	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ (1,229)	\$ -	\$ 134	\$ 1,905	\$ 833	\$ 7,675	\$ 9,318

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2016**

SCHEDULE 11

	<u>Distributive</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 18</u>	<u>\$ 4</u>	<u>\$ 22</u>
LIABILITIES			
Due to other governmental units	<u>\$ 18</u>	<u>\$ 4</u>	<u>\$ 22</u>

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

SCHEDULE 12

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 12	\$ 5,641,399	\$ 5,641,393	\$ 18
LIABILITIES				
Due to other governmental units	\$ 12	\$ 5,641,399	\$ 5,641,393	\$ 18
PAYROLL				
ASSETS				
Cash and cash equivalents	898	1,040,405	1,041,299	4
LIABILITIES				
Due to other governmental units	898	1,040,405	1,041,299	4
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 910	\$ 6,681,804	\$ 6,682,692	\$ 22
LIABILITIES				
Due to other governmental units	\$ 910	\$ 6,681,804	\$ 6,682,692	\$ 22

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

Program	Code	ROE No. 35	LEASE	L-P Area Voc. Center	Grand Total
General State Aid	3001/3002	\$ 310,964	\$ -	\$ -	\$ 310,964
Special Ed. - Personnel	3110	-	356,978	-	356,978
State Free Lunch & Breakfast	3360	214	255	-	469
Transportation - Regular and Vocational	3500	-	-	14,160	14,160
Truants Alternative/Optional Ed.	3695	137,434	-	-	137,434
Regional Safe Schools	3696	80,986	-	-	80,986
RSSCEP	3999	32,500	-	-	32,500
National School Lunch Program	4210	14,983	19,324	-	34,307
School Breakfast Program	4220	9,027	13,060	-	22,087
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	166,935	-	166,935
Fed - Sp. Ed -IDEA - Flow through	4620	-	3,907,380	-	3,907,380
Title II-Teacher Quality Leadership	4935	2,188	-	-	2,188
STEM Science	4936 SA	282,349	-	-	282,349
STEM Math	4936 MA	292,638	-	-	292,638
Interest Income	8801	18	-	-	18
TOTAL		\$ 1,163,301	\$ 4,463,932	\$ 14,160	\$ 5,641,393

FEDERAL COMPLIANCE SECTION

LASALLE, MARSHALL, AND PUTNAM COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 35
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 14

Federal Grantor/Pass-Through Grantor Program or Cluster Title	CFDA Number	Pass-Through Number	FY 2016 Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Illinois State Board of Education			
Mathematics and Science Partnerships			
<i>Mathematics and Science Partnerships</i>	(M) 84.366B	2015-4936-MA	215,043
<i>Mathematics and Science Partnerships</i>	(M) 84.366B	2016-4936-MA	94,285
<i>Mathematics and Science Partnerships</i>	(M) 84.366B	2015-4936-SA	214,602
<i>Mathematics and Science Partnerships</i>	(M) 84.366B	2016-4936-SA	84,975
			<u>608,905</u>
Supporting Effective Instruction State Grant			
<i>Title II - Teacher Quality</i>	84.367A	2016-4932-00	446
<i>Title II - Teacher Quality-Leadership Grant</i>	84.367A	2016-4935-02	3,688
			<u>4,134</u>
Passed through Regional Office of Education No. 47			
Education for Homeless Children and Youth			
<i>McKinney Education for Homeless Children</i>	84.196A	2016-4920-00	22,349
Passed through Regional Office of Education No. 4			
Title I Grants to Local Educational Agencies			
<i>Title I School Improvement and Accountability</i>	84.010A	2016-4331-SS	70,700
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>706,088</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed through Business Employment Skills Team - LaSalle County			
WIA/WIOA Youth Activities			
<i>WIA Youth Activities</i>	17.259A	2016-4099-00	71,119
TOTAL U.S. DEPARTMENT OF LABOR			<u>71,119</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Illinois State Board of Education			
Child Nutrition Cluster			
National School Lunch Program			
<i>National School Lunch Program</i>	10.555	2015-4210-00	1,964
<i>National School Lunch Program</i>	10.555	2016-4210-00	13,553
			<u>15,517</u>
School Breakfast Program			
<i>School Breakfast Program</i>	10.553	2015-4220-00	1,228
<i>School Breakfast Program</i>	10.553	2016-4220-00	7,537
			<u>8,765</u>
Total Child Nutrition Cluster			<u>24,282</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>24,282</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 801,489</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**LASALLE, MARSHALL, AND PUTNAM COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Regional Office of Education No. 35 under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education No. 35, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Regional Office of Education No. 35.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education No. 35 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.