
**STATE OF ILLINOIS
LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
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**

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
COMPLIANCE REPORT SUMMARY	2-3
FINANCIAL STATEMENT REPORT SUMMARY	4
FINANCIAL SECTION	
Independent Auditors’ Report	5-7
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	10-12
Schedule of Findings and Questioned Costs	
Section I - Summary of Auditors’ Results.....	13
Section II - Financial Statement Findings	14a-14h
Section III - Federal Award Finding.....	15
Corrective Action Plans for Current Year Audit Findings.....	16a-16d
Summary Schedule of Prior Audit Findings.....	17
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	23
Statement of Net Position – Proprietary Funds	24

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

TABLE OF CONTENTS (CONTINUED)

Statement of Revenues, Expenses, and Changes in Fund Net	
Position – Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Position – Fiduciary Funds	27
Notes to the Financial Statements	28-62
 REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability & Related Ratios	63
Illinois Municipal Retirement Fund – Schedule of Employer Contributions	64
Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net Pension Liability	65
Teachers’ Retirement System of the State of Illinois – Schedule of Employer Contributions	65
 SUPPLEMENTAL INFORMATION	
Combining Schedule of Accounts – General Fund	66
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts	67
Combining Schedule of Accounts – Education Fund	68-71
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts	72-75
 Budgetary Comparison Schedules – Education Fund Accounts:	
Early Childhood Block Grant (FY15).....	76
Early Childhood Block Grant (FY16).....	77
Preschool for All (FY15)	78
Preschool for All (FY16)	79
Adult Education and Family Literacy Grant	80
Education Outreach Program	81
Foundation Level Services.....	82
IDEA Improvement Grants, Part D	83
Math & Science Partnership-Math Area Partner (FY15)	84
Math & Science Partnership-Math Area Partner (FY16)	85
Math & Science Partnership-Science Area Partner (FY15)	86
Math & Science Partnership-Science Area Partner (FY16)	87
McKinney Education for Homeless Children	88
Regional Safe Schools	89
ROE Operations	90
Teacher Induction and Mentoring	91
Title I – Migrant Education.....	92
Title I – Migrant Incentive	93
Title II Teacher Quality Leadership	94
Truants Alternative Education	95

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

TABLE OF CONTENTS (CONCLUDED)

Combining Balance Sheet – Nonmajor Special Revenue Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	97
Combining Statement of Fiduciary Net Position – Agency Funds	98
Combining Statement of Changes in Assets and Liabilities – Agency Funds	99
Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund.....	100
 FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	101
Notes to the Schedule of Expenditures of Federal Awards	102

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
OFFICIALS**

Regional Superintendent
(Current and During the Audit Period)

Honorable Robert Sondgeroth

Assistant Regional Superintendent
(During the Audit Period through June 30, 2017)

Mr. Paul McMahon

Assistant Regional Superintendent
(Current, Effective July 1, 2017)

Ms. Janet Kacvinsky

Office is located at:

1001 St. Mary's Street
Sterling, Illinois 61081

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
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 on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

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>			
2016-001	14a-14d	Controls Over Financial Statement Preparation	Material Weakness
2016-002	14e-14g	Internal Controls Over Expenditure Report Preparation	Material Weakness and Noncompliance
2016-003	14h	Failure to Fully Insure and Collateralize Cash Balances	Material Weakness and Noncompliance
<i>Findings and Questioned Costs (Federal Compliance)</i>			
2016-002	14e-14g	Internal Controls Over Expenditure Report Preparation	Material Weakness and Noncompliance
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2015-002		Controls Over Disbursements, Receipts and Reporting	Material Weakness
<i>Prior Audit Findings not Repeated (Federal Compliance)</i>			

None

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY – (CONCLUDED)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on September 16, 2016. Attending were the Honorable Robert Sondgeroth, Regional Superintendent; Sherrie Pistole, Bookkeeper; Barb Cross-Wolberg, Office Manager; Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP; and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Responses to the findings and recommendations were provided by the Honorable Robert Sondgeroth, Regional Superintendent on September 12, 2018.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, and the Teachers' Retirement System of Illinois Schedule of Employer Contributions on pages 63 through 65 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Other Entities, 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 Other Entities, 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 Other Entities, 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 November 19, 2018 on our consideration of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control over financial reporting and compliance.

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KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
November 19, 2018

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's basic financial statements, and have issued our report thereon dated November 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, and 2016-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003.

Regional Office of Education #47's Responses to Findings

Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lee, Ogle, and Whiteside Counties Regional Office of Education #47's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

November 19, 2018

**INDEPENDENT AUDITORS' 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 the Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 the Lee, Ogle, and Whiteside Counties Regional Office of Education #47's major federal programs for the year ended June 30, 2016. The Lee, Ogle, and Whiteside Counties Regional Office of Education #47's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47's compliance.

Opinion on Each Major Federal Program

In our opinion, Lee, Ogle, and Whiteside Counties Regional Office of Education #47 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002. Our opinion on each major federal program is not modified with respect to this matter.

Lee, Ogle, and Whiteside Counties Regional Office of Education #47's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Lee, Ogle, and Whiteside Counties Regional Office of Education #47's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Lee, Ogle, and Whiteside Counties Regional Office of Education #47 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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Lee, Ogle, and Whiteside Counties Regional Office of Education #47'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002, that we consider to be a material weakness.

Lee, Ogle, and Whiteside Counties Regional Office of Education #47's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Lee, Ogle, and Whiteside Counties Regional Office of Education #47's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

November 19, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I – SUMMARY OF AUDITORS’ RESULTS
 For the Year Ended June 30, 2016**

Financial Statements

Type of auditors’ report issued:	<i>unmodified</i>
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported

Type of auditors’ report issued on compliance for major federal programs:	<i>unmodified</i>
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	Yes
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.323A	Special Education – State Personnel Development

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	No
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**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-001 – Controls Over Financial Statement Preparation (Repeat from Findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #47 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements, including the schedule of expenditures of federal awards, and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

CONDITION:

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #47 maintains its accounting records on the cash basis of accounting during the fiscal year and posts or maintains a list of year-end accrual adjustments for financial statement purposes. While the Regional Office of Education #47 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the financial information prepared by the Regional Office, the following was noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable/due from other governments, accounts payable/due to other governments, prepaid expenses, unearned revenue, and unavailable revenue and therefore did not maintain accurate records of these balances.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-001 – Controls Over Financial Statement Preparation (Repeat from Findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1) (Continued)

CONDITION (Continued):

- The Regional Office did not record or track prior year audit entries and the associated reversing entries necessary to reflect accurate fund balances in the GAAP based financial statements.
- The Regional Office provided documentation of the allocation of cash and fund balance to the individual funds as presented in the financial statements. However, this documentation contained material errors and adjusting audit entries were necessary to correct the allocation of cash and fund balance. Additionally, the Regional Office did not provide entries to create interfund receivables and payables or interfund transfers to eliminate negative cash balances within certain funds.
- The Regional Office did not have adequate controls over the consolidation of Whiteside County Regional Office of Education #55 (“Whiteside”) into the Lee and Ogle Counties Regional Office of Education #47. Beginning balances of cash, fund balance, capital assets, and due from other governments were not adjusted. Cash from Whiteside that was moved to ROE #47’s operating bank account was recorded as current year revenue instead of an adjustment to fund balance.
- The Regional Office did not have adequate controls over the recognition of cash. Any cash held in accounts outside of the ROE’s external accounting service organization, including cash from the Whiteside consolidation, were not recorded in the general ledger and activity was not tracked until deposited into the service organization’s bank account.
- The Regional Office did not have adequate controls over the proper classification of revenue. An audit adjustment was necessary to properly classify local revenue, which had originally been classified as federal revenue.
- Errors were noted in certain manual journal entries, including an entry recorded in the wrong accounting period, an entry recorded twice in error, and entries recorded to the wrong accounts and/or funds.
- Capital asset additions under the Regional Office’s capitalization threshold were recorded in capital outlay accounts instead of supplies and materials.
- The Regional Office did not have adequate controls over the proper recognition of on-behalf revenues and expenses. Information to calculate and record these amounts had not been obtained by the Regional Office.
- The prior year “Whiteside ROE” agency fund was not eliminated when the Whiteside County ROE consolidated into ROE #47, thereby becoming part of the reporting entity instead of an outside agency fund.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-001 – Controls Over Financial Statement Preparation (Repeat from Findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1) (Continued)

CONDITION (Concluded):

- The Distributive Fund activity was not properly maintained in the Regional Office’s accounting records. For the first half of the fiscal year, Distributive Fund activity was recorded in a local governmental fund instead of an agency fund. This practice resulted in a portion of the funds payable to one outside entity not being paid to them until the following fiscal year.
- The School Facility Occupation Tax agency fund activity was not recorded in the Regional Office’s accounting records.
- Through inquiries and discussions with the Regional Office’s accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the Regional Office’s net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Audit adjustments were recorded as necessary to recognize and/or correct all of the above listed items.

EFFECT:

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

CAUSE:

According to Regional Office management, the consolidation of Lee, Ogle, and Whiteside County ROEs into a single entity caused confusion. The fiscal staff did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP and to properly account for the consolidation. In addition, the complex requirements of GASB Statements No. 68 and 71 will require additional time and training before the Regional Office can fully implement the requirements on its own.

RECOMMENDATION:

As part of internal control over the preparation of financial statements, the Regional Office should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #47’s activities and operations.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-001 – Controls Over Financial Statement Preparation (Repeat from Findings 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1) (Concluded)

MANAGEMENT’S RESPONSE:

After the FY2016 audit is complete, ROE #47 will be having an accounting firm get our financial statements ready for our audit as recommended.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016

FINDING 2016-002 – Internal Controls Over Expenditure Report Preparation

Federal Program: IDEA – Improvement Grant – Part D, Mathematics and Science
Project No: 15-4631-RN, 15-4936-SA
CFDA No: 84.323A, 84.366B
Passed Through: Illinois State Board of Education, Illinois State Board of Education
Federal Agency: U.S. Department of Education, U.S. Department of Education

CRITERIA/SPECIFIC REQUIREMENT:

Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that a non-federal entity's financial management system, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award. Furthermore, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Controls in the Federal Government" issued by the Comptroller General of the United States or the "Internal Controls Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

CONDITION:

The Regional Office did not have effective internal controls over the preparation and review of grant expenditure reports. Expenditure reports submitted to granting agencies to request reimbursement contained errors that were not noted during the review and approval process for the following federal and State grant programs: IDEA – Improvement Grant – Part D, Mathematics and Science Partnerships, and ROE/ISC Operations.

- Indirect costs were reported as a monthly amount on each IDEA – Improvement Grant – Part D expenditure report instead of a cumulative total, resulting in the Regional Office under-claiming indirect costs in total as of June 30, 2016.
- The Regional Office initially recorded certain salaries and benefits to the Mathematics and Science Partnerships accounts and claimed these expenditures for reimbursement. They later determined these expenditures were misclassified as Mathematics and Science Partnerships expenditures and transferred them to a different fund after the Mathematics and Science Partnerships grant had ended and the final expenditure report had been submitted, resulting in the Regional Office over-claiming salaries and benefits on this grant. The Regional Office of Education #47 overstated salaries and benefits for the Mathematics & Science Partnerships by \$2,367 and \$1,201, respectively.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-002 – Internal Controls Over Expenditure Report Preparation (Continued)

CONDITION:

- The Regional Office claimed certain salaries and other expenditures twice on the ROE/ISC Operations grant due to recording a manual journal entry twice. The Regional Office determined it had incurred expenses in other funds which would be allowable expenditures under the ROE/ISC grant; however, the function codes were different than those that had been reported on the expenditure report. The expenditure report should have been amended to reflect these changes once it was determined to be incorrect. Salaries and benefits misclassified between functions 2210, Improvement of Instruction Services, and 2300, General Administration, totaled \$1,656 salaries and \$841 benefits. Total salaries and benefits claimed on the ROE/ISC Operations 16-3730-00 grant June 30, 2016 expenditure report were \$65,560 and \$18,004, respectively.

QUESTIONED COSTS:

Mathematics & Science Partnerships (15-4936-SA) – \$2,367 salaries and \$1,201 benefits

CONTEXT:

The context of the above errors noted on the expenditure reports are as follows:

- Indirect costs claimed on the June 30, 2016 IDEA – Improvement Grant – Part D 15-4631-RN expenditure report totaled \$336, but cumulative indirect costs recorded since the beginning of the grant period totaled \$23,267.
- Total salaries and benefits claimed on the final Mathematics & Science Partnerships 15-4936-SA grant expenditure report dated September 30, 2015 were \$18,946 and \$8,546, respectively.

EFFECT:

A lack of internal controls over expenditure reporting could result either in overstatements or understatements of expenditures to the granting agencies. A return of grant funds could be requested from the granting agencies.

CAUSE:

According to Regional Office management, these errors were caused by lack of sufficient supervisory review of expenditure reports.

RECOMMENDATION:

Regional Office management should create a system of internal controls to ensure all expenditure reports are submitted accurately and amended when necessary.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-002 – Internal Controls Over Expenditure Report Preparation (Concluded)

MANAGEMENT’S RESPONSE:

The ROE no longer has these grants and has corrected as recommended.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2016**

FINDING 2016-003 – Failure to Fully Insure and Collateralize Cash Balances

CRITERIA/SPECIFIC REQUIREMENT:

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #47's name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

CONDITION:

As of June 30, 2016, cash account balances with one financial institution exceeded the Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral coverage by \$72,972. The FDIC covers deposit balances up to a maximum of \$250,000 at each financial institution. Pledged securities were not sufficient for the balances exceeding the FDIC coverage.

EFFECT:

Failure to secure full collateral on cash balances may result in monetary losses to the ROE #47.

CAUSE:

The ROE was in the process of switching Banks due to its consolidation with Whiteside County Regional Office of Education #55 during FY2016.

RECOMMENDATION:

Regional Office management should monitor bank balances on all accounts and work with the financial institution to provide collateral or enter into an agreement with the financial institution to have cash balances monitored for adequate collateral and periodically adjusted as necessary.

MANAGEMENT'S RESPONSE:

The ROE will implement procedures to make sure its cash deposits are fully collateralized at all times throughout the year.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDING
For the Year Ended June 30, 2016**

INSTANCES OF NONCOMPLIANCE:

FINDING 2016-002 – Internal Controls Over Expenditure Report Preparation (Page 14e)

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES

FINDING 2016-002 – Internal Controls Over Expenditure Report Preparation (Page 14e)

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016**

Corrective Action Plan

FINDING 2016-001 – Controls Over Financial Statement Preparation

CONDITION:

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #47 maintains its accounting records on the cash basis of accounting during the fiscal year and posts or maintains a list of year-end accrual adjustments for financial statement purposes. While the Regional Office of Education #47 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the financial information prepared by the Regional Office, the following was noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable/due from other governments, accounts payable/due to other governments, prepaid expenses, unearned revenue, and unavailable revenue and therefore did not maintain accurate records of these balances.
- The Regional Office did not record or track prior year audit entries and the associated reversing entries necessary to reflect accurate fund balances in the GAAP based financial statements.
- The Regional Office provided documentation of the allocation of cash and fund balance to the individual funds as presented in the financial statements. However, this documentation contained material errors and adjusting audit entries were necessary to correct the allocation of cash and fund balance. Additionally, the Regional Office did not provide entries to create interfund receivables and payables or interfund transfers to eliminate negative cash balances within certain funds.
- The Regional Office did not have adequate controls over the consolidation of Whiteside County Regional Office of Education #55 (“Whiteside”) into the Lee and Ogle Counties Regional Office of Education #47. Beginning balances of cash, fund balance, capital assets, and due from other governments were not adjusted. Cash from Whiteside that was moved to ROE #47’s operating bank account was recorded as current year revenue instead of an adjustment to fund balance.
- The Regional Office did not have adequate controls over the recognition of cash. Any cash held in accounts outside of the ROE’s external accounting service organization, including cash from the Whiteside consolidation, were not recorded in the general ledger and activity was not tracked until deposited into the service organization’s bank account.
- The Regional Office did not have adequate controls over the proper classification of revenue. An audit adjustment was necessary to properly classify local revenue, which had originally been classified as federal revenue.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016**

Corrective Action Plan

FINDING 2016-001 – Controls Over Financial Statement Preparation (Continued)

CONDITION (Concluded):

- Errors were noted in certain manual journal entries, including an entry recorded in the wrong accounting period, an entry recorded twice in error, and entries recorded to the wrong accounts and/or funds.
- Capital asset additions under the Regional Office’s capitalization threshold were recorded in capital outlay accounts instead of supplies and materials.
- The Regional Office did not have adequate controls over the proper recognition of on-behalf revenues and expenses. Information to calculate and record these amounts had not been obtained by the Regional Office.
- The prior year “Whiteside ROE” agency fund was not eliminated when the Whiteside County ROE consolidated into ROE #47, thereby becoming part of the reporting entity instead of an outside agency fund.
- The Distributive Fund activity was not properly maintained in the Regional Office’s accounting records. For the first half of the fiscal year, Distributive Fund activity was recorded in a local governmental fund instead of an agency fund. This practice resulted in a portion of the funds payable to one outside entity not being paid to them until the following fiscal year.
- The School Facility Occupation Tax agency fund activity was not recorded in the Regional Office’s accounting records.
- Through inquiries and discussions with the Regional Office’s accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the Regional Office’s net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Audit adjustments were recorded as necessary to recognize and/or correct all of the above listed items.

PLAN:

After the FY2016 audit is complete, ROE #47 will be having an accounting firm get our financial statements ready for our audit as recommended.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2019

CONTACT PERSON:

Robert D. Sondgeroth, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016**

Corrective Action Plan

FINDING 2016-002 – Internal Controls Over Expenditure Report Preparation

CONDITION:

The Regional Office did not have effective internal controls over the preparation and review of grant expenditure reports. Expenditure reports submitted to granting agencies to request reimbursement contained errors that were not noted during the review and approval process for the following federal and State grant programs: IDEA – Improvement Grant – Part D, Mathematics and Science Partnerships, and ROE/ISC Operations.

- Indirect costs were reported as a monthly amount on each IDEA – Improvement Grant – Part D expenditure report instead of a cumulative total, resulting in the Regional Office under-claiming indirect costs in total as of June 30, 2016.
- The Regional Office initially recorded certain salaries and benefits to the Mathematics and Science Partnerships accounts and claimed these expenditures for reimbursement. They later determined these expenditures were misclassified as Mathematics and Science Partnerships expenditures and transferred them to a different fund after the Mathematics and Science Partnerships grant had ended and the final expenditure report had been submitted, resulting in the Regional Office over-claiming salaries and benefits on this grant. The Regional Office of Education #47 overstated salaries and benefits for the Mathematics & Science Partnerships by \$2,367 and \$1,201, respectively.
- The Regional Office claimed certain salaries and other expenditures twice on the ROE/ISC Operations grant due to recording a manual journal entry twice. The Regional Office determined it had incurred expenses in other funds which would be allowable expenditures under the ROE/ISC grant; however, the function codes were different than those that had been reported on the expenditure report. The expenditure report should have been amended to reflect these changes once it was determined to be incorrect. Salaries and benefits misclassified between functions 2210, Improvement of Instruction Services, and 2300, General Administration, totaled \$1,656 salaries and \$841 benefits. Total salaries and benefits claimed on the ROE/ISC Operations 16-3730-00 grant June 30, 2016 expenditure report were \$65,560 and \$18,004, respectively.

PLAN:

The ROE no longer has these grants; however, the ROE has created a system of internal controls to ensure all expenditure reports for other grant programs are submitted accurately and amended when necessary.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2019

CONTACT PERSON:

Robert D. Sondgeroth, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016**

Corrective Action Plan

FINDING 2016-003 – Failure to Fully Insure and Collateralize Cash Balances

CONDITION:

As of June 30, 2016, cash account balances with one financial institution exceeded the Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral coverage by \$72,972. The FDIC covers deposit balances up to a maximum of \$250,000 at each financial institution. Pledged securities were not sufficient for the balances exceeding the FDIC coverage.

PLAN:

The ROE will implement procedures to make sure its cash deposits are fully collateralized at all times throughout the year.

ANTICIPATED DATE OF COMPLETION:

Fiscal Year 2019

CONTACT PERSON:

Robert D. Sondgeroth, Regional Superintendent of Schools

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2016**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	Controls Over Financial Statement Preparation	Repeated
2015-002	Controls Over Disbursements, Receipts, and Reporting	Not Repeated

BASIC FINANCIAL STATEMENTS

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 526,518	\$ 150,213	\$ 676,731
Due from other governments	610,163	5,598	615,761
Prepaid expenses	22,350	-	22,350
Total Current Assets	<u>1,159,031</u>	<u>155,811</u>	<u>1,314,842</u>
NONCURRENT ASSETS			
Capital assets, being depreciated, net	133,361	-	133,361
TOTAL ASSETS	<u>1,292,392</u>	<u>155,811</u>	<u>1,448,203</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	551,704	12,528	564,232
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	5,129	2,425	7,554
Due to other governments	137,536	-	137,536
Capital leases payable - current	5,969	-	5,969
Unearned revenue	13,237	-	13,237
Total Current Liabilities	<u>161,871</u>	<u>2,425</u>	<u>164,296</u>
NONCURRENT LIABILITIES			
Capital leases payable - noncurrent	5,021	-	5,021
Net pension liability	1,617,403	48,000	1,665,403
Total Noncurrent Liabilities	<u>1,622,424</u>	<u>48,000</u>	<u>1,670,424</u>
TOTAL LIABILITIES	<u>1,784,295</u>	<u>50,425</u>	<u>1,834,720</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	236,851	7,572	244,423
NET POSITION			
Net investment in capital assets	122,371	-	122,371
Unrestricted	(555,758)	110,342	(445,416)
Restricted-other	256,337	-	256,337
TOTAL NET POSITION	<u>\$ (177,050)</u>	<u>\$ 110,342</u>	<u>\$ (66,708)</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services						
Salaries	\$ 1,619,601	\$ 24,340	\$ 1,317,845	\$ (277,416)	\$ -	\$ (277,416)
Employee benefits	195,096	1,865	185,157	(8,074)	-	(8,074)
Pension expense	70,526	-	-	(70,526)	-	(70,526)
Purchased services	708,741	29,548	571,474	(107,719)	-	(107,719)
Supplies and materials	138,196	1,538	141,193	4,535	-	4,535
Depreciation	22,689	124	-	(22,565)	-	(22,565)
Capital outlay	6,820	-	-	(6,820)	-	(6,820)
Payments to other governmental units	1,141,989	-	1,035,396	(106,593)	-	(106,593)
Administrative						
On-behalf payments	758,191	-	-	(758,191)	-	(758,191)
Total Governmental Activities	<u>4,661,849</u>	<u>57,415</u>	<u>3,251,065</u>	<u>(1,353,369)</u>	<u>-</u>	<u>(1,353,369)</u>
Business-Type Activities:						
Other	137,805	118,104	-	-	(19,701)	(19,701)
Total Business-type Activities	<u>137,805</u>	<u>118,104</u>	<u>-</u>	<u>-</u>	<u>(19,701)</u>	<u>(19,701)</u>
Total Primary Government	<u>\$ 4,799,654</u>	<u>\$ 175,519</u>	<u>\$ 3,251,065</u>	<u>(1,353,369)</u>	<u>(19,701)</u>	<u>(1,373,070)</u>
General Revenues and Transfers:						
Local sources				252,450	-	252,450
State sources				543,348	-	543,348
On-behalf payments				758,191	-	758,191
Interest				1,886	-	1,886
Total General Revenues				<u>1,555,875</u>	<u>-</u>	<u>1,555,875</u>
Change in Net Position				<u>202,506</u>	<u>(19,701)</u>	<u>182,805</u>
Net Position - Beginning				(624,857)	112,455	(512,402)
Restatement (See Note 16)				<u>245,301</u>	<u>17,588</u>	<u>262,889</u>
Net Position - Beginning - Restated				<u>(379,556)</u>	<u>130,043</u>	<u>(249,513)</u>
Net Position - Ending				<u>\$ (177,050)</u>	<u>\$ 110,342</u>	<u>\$ (66,708)</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General Fund	Education Fund	Institute	Nonmajor Special- Revenue Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 271,799	\$ 29,848	\$ 200,524	\$ 24,347	\$ -	\$ 526,518
Due from other funds	460,304	-	-	-	(460,304)	-
Due from other governments	33,381	575,269	-	1,513	-	610,163
Prepaid expenses	22,350	-	-	-	-	22,350
Total Assets	<u>787,834</u>	<u>605,117</u>	<u>200,524</u>	<u>25,860</u>	<u>(460,304)</u>	<u>1,159,031</u>
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ 787,834</u>	<u>\$ 605,117</u>	<u>\$ 200,524</u>	<u>\$ 25,860</u>	<u>\$ (460,304)</u>	<u>\$ 1,159,031</u>
LIABILITIES						
Accounts payable	\$ -	\$ 5,129	\$ -	\$ -	\$ -	\$ 5,129
Due to other funds	11,019	449,285	-	-	(460,304)	-
Due to other governments	30,023	107,513	-	-	-	137,536
Unearned revenue	-	13,237	-	-	-	13,237
Total Liabilities	<u>41,042</u>	<u>575,164</u>	<u>-</u>	<u>-</u>	<u>(460,304)</u>	<u>155,902</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	26,310	-	-	-	26,310
FUND BALANCES (DEFICITS)						
Nonspendable	22,350	-	-	-	-	22,350
Restricted	-	29,953	200,524	25,860	-	256,337
Unassigned	724,442	(26,310)	-	-	-	698,132
Total Fund Balances (Deficits)	<u>746,792</u>	<u>3,643</u>	<u>200,524</u>	<u>25,860</u>	<u>-</u>	<u>976,819</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)						
	<u>\$ 787,834</u>	<u>\$ 605,117</u>	<u>\$ 200,524</u>	<u>\$ 25,860</u>	<u>\$ (460,304)</u>	<u>\$ 1,159,031</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2016**

Total Fund Balances - Governmental Funds	\$	976,819
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$421,701		133,361
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Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.		26,310
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:

Deferred outflows of resources	\$ 551,704		
Deferred inflows of resources	<u>(236,851)</u>		314,853

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

IMRF net pension liability	(182,401)		
TRS net pension liability	(1,435,002)		
Capital lease payable	<u>(10,990)</u>		<u>(1,628,393)</u>

Net Position of Governmental Activities	\$	<u><u>(177,050)</u></u>
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The notes to the financial statements are an integral part of this statement.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Education Fund	Institute	Nonmajor Special-Revenue Funds	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 248,493	\$ 3,957	\$ 50,421	\$ 5,481	\$ -	\$ 308,352
State sources	543,348	812,447	-	1,513	-	1,357,308
Federal sources	-	2,450,777	-	-	-	2,450,777
Interest	1,886	-	-	-	-	1,886
On-behalf payments	399,855	-	-	-	-	399,855
Total Revenues	<u>1,193,582</u>	<u>3,267,181</u>	<u>50,421</u>	<u>6,994</u>	<u>-</u>	<u>4,518,178</u>
EXPENDITURES						
Instructional services:						
Salaries	406,098	1,210,671	2,832	-	-	1,619,601
Employee benefits	24,780	170,099	217	-	-	195,096
Pension expense	43,445	197,216	481	-	-	241,142
Purchased services	180,304	524,999	706	2,732	-	708,741
Supplies and materials	8,307	129,710	89	90	-	138,196
Payments to other governmental units	106,593	1,035,396	-	-	-	1,141,989
On-behalf payments	399,855	-	-	-	-	399,855
Capital outlay	74,144	2,078	-	-	-	76,222
Total Expenditures	<u>1,243,526</u>	<u>3,270,169</u>	<u>4,325</u>	<u>2,822</u>	<u>-</u>	<u>4,520,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,944)</u>	<u>(2,988)</u>	<u>46,096</u>	<u>4,172</u>	<u>-</u>	<u>(2,664)</u>
OTHER FINANCING SOURCES (USES)						
Repayment of long-term lease payable	(5,521)	-	-	-	-	(5,521)
Transfers in	1,840	9,972	-	-	(11,812)	-
Transfers out	(9,972)	(1,840)	-	-	11,812	-
Total Other Financing Sources (Uses)	<u>(13,653)</u>	<u>8,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,521)</u>
Net Change in Fund Balances (Deficits)	<u>(63,597)</u>	<u>5,144</u>	<u>46,096</u>	<u>4,172</u>	<u>-</u>	<u>(8,185)</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	517,873	(38,469)	91,386	2,623	-	573,413
RESTATEMENT (See Note 16)	<u>292,516</u>	<u>36,968</u>	<u>63,042</u>	<u>19,065</u>	<u>-</u>	<u>411,591</u>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR - Restated	<u>810,389</u>	<u>(1,501)</u>	<u>154,428</u>	<u>21,688</u>	<u>-</u>	<u>985,004</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 746,792</u>	<u>\$ 3,643</u>	<u>\$ 200,524</u>	<u>\$ 25,860</u>	<u>\$ -</u>	<u>\$ 976,819</u>

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

Net Change in Fund Balances \$ (8,185)

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

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

Capital outlay	\$ 69,402	
Depreciation expense	<u>(22,689)</u>	46,713

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

Current year unavailable revenue	26,310	
Prior year unavailable revenue	<u>(38,469)</u>	(12,159)

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

Pension contributions	241,142	
Cost of benefits earned, net	<u>(70,526)</u>	170,616

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Repayment of principal of capital leases payable		<u>5,521</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 202,506</u></u>
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The notes to the financial statements are an integral part of this statement.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities Enterprise Funds			Total
	Workshops	School Improvement Plan (SIP)	Nonmajor Enterprise Fund Fingerprinting	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 84,763	\$ 45,464	\$ 19,986	\$ 150,213
Due from other governments	5,598	-	-	5,598
Total current assets	<u>90,361</u>	<u>45,464</u>	<u>19,986</u>	<u>155,811</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>3,035</u>	<u>8,639</u>	<u>854</u>	<u>12,528</u>
LIABILITIES				
Current liabilities				
Accounts payable	<u>908</u>	-	<u>1,517</u>	<u>2,425</u>
Total current liabilities	<u>908</u>	-	<u>1,517</u>	<u>2,425</u>
Noncurrent liabilities				
Net pension liability	<u>6,119</u>	<u>41,261</u>	<u>620</u>	<u>48,000</u>
Total Liabilities	<u>7,027</u>	<u>41,261</u>	<u>2,137</u>	<u>50,425</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>762</u>	<u>6,810</u>	-	<u>7,572</u>
NET POSITION				
Unrestricted	<u>85,607</u>	<u>6,032</u>	<u>18,703</u>	<u>110,342</u>
Total Net Position	<u><u>\$ 85,607</u></u>	<u><u>\$ 6,032</u></u>	<u><u>\$ 18,703</u></u>	<u><u>\$ 110,342</u></u>

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-Type Activities			Total
	Enterprise Funds			
	Workshops	School Improvement Plan (SIP)	Nonmajor Enterprise Fund Fingerprinting	
Operating Revenues				
Charges for services	\$ 43,475	\$ 53,042	\$ 21,587	\$ 118,104
Operating Expenses				
Salaries	7,125	30,436	2,498	40,059
Employee benefits	791	3,653	191	4,635
Pension expense	266	33,287	(4,279)	29,274
Purchased services	22,872	28,451	9,370	60,693
Supplies and materials	2,332	346	466	3,144
Total Operating Expenses	<u>33,386</u>	<u>96,173</u>	<u>8,246</u>	<u>137,805</u>
Change in Net Position	<u>10,089</u>	<u>(43,131)</u>	<u>13,341</u>	<u>(19,701)</u>
Net Position, Beginning of Year	69,701	44,925	(2,171)	112,455
Restatement (See Note 16)	<u>5,817</u>	<u>4,238</u>	<u>7,533</u>	<u>17,588</u>
Net Position, Beginning of Year - Restated	<u>75,518</u>	<u>49,163</u>	<u>5,362</u>	<u>130,043</u>
Net Position, End of Year	<u>\$ 85,607</u>	<u>\$ 6,032</u>	<u>\$ 18,703</u>	<u>\$ 110,342</u>

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

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities			Total
	Enterprise Funds			
	Workshops	School Improvement Plan (SIP)	Nonmajor Enterprise Fund Fingerprinting	
Cash flows from Operating Activities:				
Receipts from customers	\$ 42,571	\$ 63,042	\$ 21,587	\$ 127,200
Payments to suppliers and providers of goods and services	(24,296)	(28,797)	(9,740)	(62,833)
Payments to employees	(9,223)	(40,160)	(3,049)	(52,432)
Net Cash Provided by (Used for) Operating Activities	<u>9,052</u>	<u>(5,915)</u>	<u>8,798</u>	<u>11,935</u>
Cash Flows from Noncapital Financing Activities:				
Interfund loans (made) repaid, net	59,827	-	-	59,827
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>59,827</u>	<u>-</u>	<u>-</u>	<u>59,827</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>68,879</u>	<u>(5,915)</u>	<u>8,798</u>	<u>71,762</u>
Cash and Cash Equivalents, Beginning of Year	10,067	47,141	3,655	60,863
Restatement (See Note 16)	<u>5,817</u>	<u>4,238</u>	<u>7,533</u>	<u>17,588</u>
Cash and Cash Equivalents, Beginning of Year - Restated	<u>15,884</u>	<u>51,379</u>	<u>11,188</u>	<u>78,451</u>
Cash and Cash Equivalents, End of Year	<u>\$ 84,763</u>	<u>\$ 45,464</u>	<u>\$ 19,986</u>	<u>\$ 150,213</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 10,089	\$ (43,131)	\$ 13,341	\$ (19,701)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Pension expense reconciliation	(1,041)	29,400	(4,639)	23,720
(Increase) decrease in assets:				
Due from other governments	(904)	10,000	-	9,096
Increase (decrease) in liabilities:				
Accounts payable	908	-	96	1,004
Accrued payroll and employee benefits	<u>-</u>	<u>(2,184)</u>	<u>-</u>	<u>(2,184)</u>
Net cash provided by (used for) operating activities	<u>\$ 9,052</u>	<u>\$ (5,915)</u>	<u>\$ 8,798</u>	<u>\$ 11,935</u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 352,084
Due from other governments	<u>284,677</u>
TOTAL ASSETS	<u><u>\$ 636,761</u></u>
LIABILITIES	
Due to other governments	<u>\$ 636,761</u>
TOTAL LIABILITIES	<u><u>\$ 636,761</u></u>

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #47 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2016, the Regional Office of Education #47 implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments – supersedes GASB Statement No. 55*. The Regional Office of Education #47 implemented these standards during the current year. The implementation of GASB Statement No. 72 established guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments and disclosures. The implementation of GASB Statement No. 73 establishes required enhancements to financial statements disclosure by establishing a single framework for the presentation of information about pensions. The implementation of GASB Statement No. 76 prioritizes the guidance state and local governments follow when preparing financial statements in accordance with *Generally Accepted Accounting Principles*.

A. Date of Management’s Review

Management has evaluated subsequent events through November 19, 2018, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

Lee, Ogle, and Whiteside Counties Regional Office of Education #47 operates under the School Code (105 ILCS 5/3 and 5/3A). A Regional Superintendent of Schools serves as chief administrative officer of the Regional Office of Education #47 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. 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 is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers’ institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #47’s districts; providing township treasurers with a list of district treasurers; inspecting

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within the region are properly bonded. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2016, the Regional Office of Education #47 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #47. Such activities are reported as a single major special revenue fund (Education Fund).

C. Scope of Reporting Entity

The Regional Office of Education #47's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #47 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #47 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #47 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #47 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #47 being considered a component unit of the entity.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

The Regional Office of Education #47's government-wide financial statements include a Statement of Net Position and a Statement of Activities and report information on all of the non-fiduciary activities of the Regional Office of Education #47. These statements present a summary of governmental and business-type activities for the Regional Office of Education #47 accompanied by a total column and are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #47 also has business-type activities that rely on fees and charges for support.

All of the Regional Office of Education #47's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges 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 operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Governmental Fund Financial Statements

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when 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. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

F. Proprietary Fund Financial Statements

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

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses, if any, are reported as non-operating expenses.

G. Measurement Focus and Basis of Accounting

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to Regional Office of Education #47; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #47 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #47's policy to first apply restricted funds, then unrestricted funds as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #47 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows or resources, fund balances, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Regional Office of Education #47 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #47 has presented all major funds that met the above qualifications.

The Regional Office of Education #47 reports the following major 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:

Local Fund – to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

E-Rate – to account for monies received through the E-Rate program that are used to help ensure that schools and libraries can obtain telecommunications and internet access at affordable rates.

Alternative Learning Opportunity Program – General State Aid (ALOP-GSA) – to account for state aid funds received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program – General State Aid (RSSP-GSA) – to account for the state aid funds received for, and payment of, the expenditures relating to the Regional Safe Schools Program – General State Aid.

Major 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 or capital projects. Major special revenue funds include the following:

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Early Childhood Block Grant – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Prevention Initiative program.

Preschool for All – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Preschool for All Children Program.

Parents as Teachers – this program supports the Early Childhood Block program.

Adult Education and Family Literacy Grant – to account for grant monies received for education and literacy programs for adults.

Education Outreach Program – this program is associated with workforce investment activities that are designed to increase educational and occupational skill attainment by participants.

Foundation Level Services – to account for grant monies received for, and payment of, expenditures relating to the Title I School Improvement and Accountability Part A – Statewide System of Support program. This fund supports the improvement of basic programs operated by the Regional Office of Education #47 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch lists.

IDEA Improvement Grant, Part D – to account for grant monies passed through the Illinois State Board of Education (ISBE) received for, and payment of expenditures relating to the Individuals with Disabilities Education Act (IDEA) – Response to Intervention program, which provides a statewide network for technical assistance and professional development.

Math & Science Partnership – Math Area Partner – to account for grant funds for math professional development from the Illinois Math and Science Partnerships.

Math & Science Partnership – Science Area Partner – to account for grant funds for science professional development from the Illinois Math and Science Partnerships.

McKinney Education for Homeless Children – to account for grant monies associated with a federal program designed to provide counseling and education support to homeless children and their families. This program is funded by the Stewart B. McKinney Education for Homeless Children and Youth grant and passed through the ISBE.

National School Lunch – to account for federal grant monies passed through the ISBE under the National School Lunch Program to provide lunch to students enrolled in the Regional Office of Education #47's alternative education programs.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

School Breakfast Program – to account for federal grant monies passed through the ISBE under the School Breakfast Program to provide breakfast to students enrolled in the Regional Office of Education #47's alternative education programs.

State Free Lunch and Breakfast – to account for monies used to provide breakfast and lunch to students who qualify for free lunch and breakfast and are enrolled in the Regional Office of Education #47's alternative education programs.

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

ROE Operations – to account for the funding of the Regional Office of Education #47 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and federal mandates.

Rural Education Achievement Program – to account for the grant monies received for, and payment of, expenditures relating to the federal Small, Rural School Achievement Program.

Teacher Induction and Mentoring – to account from grant funds passed through the Illinois State Board of Education to provide support services to new teachers that typically include mentoring, professional development, and formative assessment of teaching practices in an effort to retain new teachers and improve their skills and effectiveness.

Title I – Migrant Education and Title I – Migrant Incentive – to account for grant monies received for, and payment of, the expenditures relating to the federal Migrant Education Program (MEP) and the MEP Consortium Incentive Grants. These programs support high quality education programs for migratory children to address their special needs and to ensure that such children receive full and appropriate opportunities to meet the same challenging academic content and student academic achievement standards that all children are expected to meet.

Title II Teacher Quality Leadership – to account for grant funds to provide leadership workshops and resources for hiring, retaining, and recruiting highly qualified teachers and for training teachers and paraprofessionals. Funds are focused on districts/schools which were in status.

Sterling Truants Alternative Program – to account for funds received to assist in prevention of truancy within the Alternative School in the Sterling area.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Truants Alternative Program – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #47. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Institute – This major fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' licenses. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of licenses as well as any expenses incidental to teachers' institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Training – to account for State and local resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

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

Proprietary Funds

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #47 reports the following enterprise funds:

Major Proprietary Funds – The Regional Office of Education #47 reports the following proprietary funds as major funds:

Workshops – to account for workshops associated with various grant programs.

School Improvement Plan (SIP) – to account for monies received from school districts held for expenses relating to their school improvement plans.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds (Concluded)

Nonmajor Proprietary Fund – The Regional Office of Education #47 reports the following nonmajor proprietary fund:

Fingerprinting – to account for resources accumulated for, and payment of, expenses of providing criminal background checks.

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #47 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include the following:

Impact Fees – to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

Petitions Fund – to account for the receipts and disbursements related to petitions filed for annexation or detachment of school district boundaries. The Regional Superintendent, as agent, remits the fees collected to the appropriate agencies.

15th Judicial Circuit Family Violence Coordinating Council – to account for monies received from the Illinois Family Violence Coordinating Council to provide community awareness, coordination, and training to impede family violence. All disbursements are at the discretion of the Illinois Criminal Justice Information Authority.

15th Judicial Circuit Family Violence Coordinating Council – Arrest Grant – to account for monies received from the Illinois Violence Prevention Authority under the Grants to Encourage Arrest Policies and Enforcement program. This program is used to update protocols and train personnel for procedures during an arrest and investigation with a family violence allegation. All disbursements are at the discretion of the Illinois Criminal Justice Information Authority.

Distributive Fund – to account for the distribution of monies received from the State out to the school districts and other entities.

School Facility Occupation Tax – to account for the distribution of School Facility Occupation Tax monies received from the Illinois Department of Revenue to the applicable school districts and other entities.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances

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

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Fund account has a nonspendable fund balance: ALOP-GSA.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, and Institute. The following Education Fund accounts have a restricted fund balance: Parents as Teachers, Adult Education and Family Literacy Grant, National School Lunch, School Breakfast Program, and Sterling Truants Alternative Program.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #47 has no committed fund balances.

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

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances (deficits): Local Fund, E-Rate, ALOP-GSA, and RSSP-GSA. The following Education Fund accounts have an unassigned fund deficit: Preschool for All (FY16) and IDEA Improvement Grants, Part D.

J. Net Position

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

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

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position (Concluded)

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

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #47 considers all liquid investments, including certificates of deposit, to be cash equivalents.

L. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and estimated useful lives in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5-7 years.

M. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

N. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

O. Deferred Outflows of Resources and Deferred Inflows of Resources

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows of Resources and Deferred Inflows of Resources (Concluded)

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

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of components of the net pension liability that will reduce pension expense in future years.

P. Unearned Revenue – Unearned revenue arises when grant funds have been received but will be spent in a succeeding fiscal year.

Q. Compensated Absences

Full-time employees can earn from 10 to 15 vacation days for a full year of service. Employee vacation pay is recorded when paid. Upon termination, employees can receive accrued vacation pay. However, vacation time cannot be carried forward into the next calendar year, so no accrued vacation liability is recorded.

An employee working 20 hours or more per week is entitled to ten sick days annually. Employee sick leave is recorded when paid. Unused sick days may be allowed to accumulate to a maximum amount allowable by TRS or IMRF without penalty. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

An employee working 20 hours or more per week is entitled to two personal leave days per year. Personal leave days do not accumulate from year to year, but unused leave days will be allowed to accumulate toward the sick leave accumulation maximum.

R. Revenue from Federal and State Grants

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or federal agency or carried over to the following project year are recorded as liabilities.

S. Estimates

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

T. Budget Information

The Regional Office of Education #47 acts as the administrative agent for certain grant programs that are accounted for within the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Early Childhood Block Grant, Preschool for All, Adult Education and Family Literacy Grant, Education Outreach Program, Foundation Level Services, IDEA Improvement Grants, Part D, Math & Science Partnership-Math Area Partner, Math & Science Partnership-Science Area Partner, McKinney Education for Homeless Children, Regional Safe Schools, ROE Operations, Teacher Induction and Mentoring, Title I - Migrant Education, Title I - Migrant Incentive, Title II Teacher Quality Leadership, and Truants Alternative Education.

U. Long-Term Obligations

Long-term liabilities are reported only on the Statement of Net Position and consist of capital leases as discussed further in Note 12.

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education #47's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office of Education #47 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.

A. Cash Deposits

At June 30, 2016, the carrying amount of the Regional Office of Education #47's government-wide and fiduciary fund deposits were \$676,731 and \$352,084, respectively, and the bank balances were \$894,795 and \$352,084, respectively. The bank balances include \$479,099 held on deposit with the Bloom Township School Treasurer. At June 30, 2016, \$251,000 of the Regional Office of Education #47's cash deposits were insured by the Federal Deposit Insurance Corporation. Another \$438,672 was collateralized by securities pledged by the Regional Office of Education #47's financial institution on behalf of the Regional Office. The remaining \$72,972 was uncollateralized. Risk category was not determinable for the amount pooled and held on deposit with a separate legal governmental agency (Bloom Township School Treasurer).

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #47's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #47.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

B. Investments

The Regional Office of Education #47's investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2016, the Regional Office of Education #47 had investments with carrying and fair values of \$5,136 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 3: DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #47's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #47'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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	17
Inactive Plan Members entitled to but not yet receiving benefits	42
Active Plan Members	24
Total	83

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

As set by statute, the Regional Office of Education #47's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #47's annual contribution rate for calendar year 2015 was 14.40%. For the fiscal year ended June 30, 2016, the Regional Office of Education #47 contributed \$107,191 to the plan. The Regional Office of Education #47 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #47'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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

- 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 expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2015			
(Restated – See discussion at Note 16)	\$ 2,297,912	\$ 2,194,718	\$ 103,194
Changes for the year:			
Service Cost	30,034	-	30,034
Interest on the Total Pension Liability	52,915	-	52,915
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	99,871	-	99,871
Changes of Assumptions	-	-	-
Contributions - Employer	-	84,571	(84,571)
Contributions - Employees	-	33,261	(33,261)
Net Investment Income	-	(19,016)	19,016
Benefit Payments, including Refunds of Employee Contributions	(69,208)	(69,208)	-
Other (Net Transfer)	-	2,676	(2,676)
Net Changes	113,612	32,284	81,328
Balances at December 31, 2016	\$ 2,411,524	\$ 2,227,002	\$ 184,522

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)	\$ 552,099	\$ 184,522	\$ (110,229)

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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

For the year ending June 30, 2016, the Regional Office of Education #47 recognized pension expense of \$12,015. At June 30, 2016, the Regional Office of Education #47 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
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 53,800	\$ -
Changes of assumptions	11,953	-
Net difference between projected and actual earnings on pension plan investments	<u>128,236</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>193,989</u>	<u>-</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>		
	<u>60,176</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 254,165</u></u>	<u><u>\$ -</u></u>

\$60,176 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
<u> </u>	<u> </u>	<u> </u>
2016	\$ 64,315	\$ -
2017	66,042	-
2018	38,887	-
2019	24,745	-
2020	-	-
Thereafter	-	-
Total	<u><u>\$ 193,989</u></u>	<u><u>\$ -</u></u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #47 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.htm>; 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 systems services 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 retirements, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Contributions

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Contributions (Concluded)

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #47.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #47. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education #47 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education #47, and the Regional Office of Education #47 recognized revenue and expenditures of \$358,336 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 \$5,465, and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #47, there is a statutory requirement for the Regional Office of Education #47 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 \$381,359 were paid from federal and special trust funds that required employer contributions of \$137,518. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #47 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education #47 paid no employer ERO contributions to TRS.

The Regional Office of Education #47 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education #47 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

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

At June 30, 2016, the Regional Office of Education #47 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 1,480,881
State's proportionate share of the net pension liability associated with the employer	<u>4,373,766</u>
Total	<u>\$ 5,854,647</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 Regional Office of Education #47's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education #47's proportion was 0.0069261879 percent, which was an increase of .0049016272 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education #47 recognized pension expense of \$358,336 and revenue of \$358,336 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education #47 recognized pension expense of \$87,786. At June 30, 2016, the Regional Office of Education #47 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	\$ 550	\$ 1,623
Net difference between projected and actual earnings on pension plan investments	29,328	51,856
Change of assumptions	20,479	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	120,204	190,944
Employer contributions subsequent to the measurement date	<u>139,505</u>	<u>-</u>
Total	<u>\$ 310,066</u>	<u>\$ 244,423</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

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

\$139,505 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the consolidating Regional Offices as a reduction of their net pension liabilities 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 included in these Regional Offices' pension expense as follows:

Year Ending June 30,	
2017	\$ (35,590)
2018	(35,590)
2019	(35,590)
2020	32,908
2021	-
Total	\$ (73,862)

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 Increase	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.

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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Actuarial assumptions (Concluded)

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

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

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.

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. This discount rate was the same as the actuarial 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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

Sensitivity of the Regional Office of Education #47's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education #47's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.47 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%)
Employer's proportionate share of the net pension liability	\$ 1,830,006	\$ 1,480,881	\$ 1,194,590

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 5: OTHER POST-EMPLOYMENT COMMITMENTS

The Regional Office of Education #47 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were 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 THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONCLUDED)

On behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #47. 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 \$9,988, and the Regional Office of Education #47 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #47's employees were \$5,707 and \$5,192, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #47 also makes contributions to the THIS Fund. The Regional Office of Education #47 THIS Fund contribution was 0.80 percent during the year ended June 30, 2016 and 0.76 percent and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education #47 paid \$7,468 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education #47 paid \$4,252 and \$3,854, respectively, which was 100% of the required contribution.

Further information on 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 6: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #47's General Fund, Education Fund, Proprietary Fund, Nonmajor Special Revenue Funds, and Fiduciary Funds have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund		
Local Governments	\$	33,381
Special Revenue Fund – Education Fund		
Illinois State Board of Education		528,362
Local Governments		46,907
Proprietary Fund – Workshops		
Local Governments		5,598
Nonmajor Special Revenue Funds		
Local Governments		1,513
Agency Funds		
Illinois Department of Revenue		284,677
Total	<u>\$</u>	<u>900,438</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 6: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS (CONCLUDED)

Due to Other Governmental Units:

General Fund		
Local Governments	\$	30,023
Special Revenue Fund – Education Fund		
Local Governments		107,513
Fiduciary Funds		
Local Governments		636,761
Total	\$	774,297

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2016 consist of the following individual due to / from other funds in the governmental fund Balance Sheet. The interfund loan balances between governmental funds are eliminated in the government-wide Statement of Net Position. The purpose of interfund borrowing was to cover temporary shortfalls in cash flow within grant programs and funds.

Fund	Due From Other Funds	Due to Other Funds
General Fund		
Local Fund	\$ 460,304	\$ -
E-Rate	-	11,019
Education Fund		
Early Childhood Block Grant (FY16)	-	26,992
Preschool for All (FY16)	-	40,238
Education Outreach Program	-	19,160
Foundation Level Services	-	5,747
IDEA Improvement Grants, Part D	-	152,723
Math & Science Partnership-Math Area Partner (FY16)	-	12,343
Math & Science Partnership-Science Area Partner (FY16)	-	14,906
McKinney Education for Homeless Children	-	43,103
Regional Safe Schools Program	-	18,261
ROE Operations	-	84,721
Truants Alternative Education	-	31,091
	\$ 460,304	\$ 460,304

NOTE 8: TRANSFERS

Interfund transfers in / out to other funds at June 30, 2016 consist of the following individual transfers in / out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds, if any, were not eliminated. The purpose of interfund transfers was to cover permanent shortfalls in cash flow within grant programs and funds.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 8: TRANSFERS (CONCLUDED)

Fund	Transfers In	Transfers Out
General Fund		
Local Fund	\$ 1,229	\$ 9,972
Alternative Learning Program-General State Aid (ALOP-GSA)	611	-
Education Fund		
Early Childhood Block Grant (FY16)		738
Preschool for All (FY16)	375	-
Education Outreach Program	-	491
IDEA Improvement Grants, Part D	5,920	-
Math & Science Partnership-Science Area Partner (FY15)	150	-
Title I-Migrant Education	2,602	-
Title II Teacher Quality Leadership	925	-
Truants Alternative Education	-	611
	<u>\$ 11,812</u>	<u>\$ 11,812</u>

NOTE 9: CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #47 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets for the year ended June 30, 2016:

<u>Governmental Activities:</u>	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets Being Depreciated				
Land Improvements	\$ 97,620	\$ 69,402	\$ -	\$ 167,022
Equipment	388,040	-	-	388,040
Total	485,660	69,402	-	555,062
Less: Accumulated Depreciation	(399,012)	(22,689)	-	(421,701)
Investment in Capital Assets, Net	<u>\$ 86,648</u>	<u>\$ 46,713</u>	<u>\$ -</u>	<u>\$ 133,361</u>

The July 1, 2015 balances in the table above have been restated. See further discussion at Note 16.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$22,689 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2016. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

Included in the capital asset activity above are assets under lease-purchase agreements. The gross amount of equipment assets recorded under lease-purchase agreements totaled \$27,352. The accumulated depreciation for these leased equipment assets totaled \$18,516.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 10: DISTRIBUTIVE FUND INTEREST

The school district boards within Lee, Ogle, and Whiteside Counties Regional Office of Education #47 have signed formal agreements that allow Lee, Ogle, and Whiteside Counties Regional Office of Education #47 to retain any interest earned during the year.

NOTE 11: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which over expend appropriations during the year are required to be disclosed.

The following funds/fund accounts had deficit fund balances at June 30, 2016:

General Fund		
E-Rate	\$	3,038
Education Fund		
Preschool for All (FY16)	\$	8,368
IDEA Improvement Grants, Part D	\$	17,942

The Regional Office of Education #47 will monitor expenses within these programs during the course of the subsequent fiscal year.

NOTE 12: CAPITAL LEASES

The Regional Office of Education #47 has entered into lease agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

Future minimum lease obligations and the net present value of these lease payments as of June 30, 2016 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 6,589
2018	3,889
2019	1,189
2020	<u>199</u>
Total minimum lease payments	11,866
Less: amount representing interest	<u>(876)</u>
Present value of minimum lease payments	<u>\$ 10,990</u>

<u>Capital Lease</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Funds	\$ 16,511	\$ -	\$ 5,521	\$ 10,990	\$ 6,589

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 13: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #47:

Regional Superintendent Salary	\$	112,008
Regional Superintendent Fringe Benefits (Includes State paid insurance)		29,795
Assistant Regional Superintendent Salary		100,812
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		27,127
THIS Fund Contributions		9,988
 Total	 \$	 <u>279,730</u>

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

Regional Office of Education #47 also recorded \$358,336 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #47 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	279,730
ROE #47’s share of TRS pension expense		358,336
Total	\$	638,066

Lee and Ogle Counties provide the Regional Office of Education #47 with staff on behalf of the Regional Office of Education #47. These amounts have been recorded in the accompanying governmental fund financial statements as local revenue and expenditures. The expenditures paid on Regional Office of Education #47’s behalf for the year ended June 30, 2016 were as follows:

Salaries	\$	110,523
Benefits		9,602
Total	\$	120,125

NOTE 14: RISK MANAGEMENT

The Regional Office of Education #47 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #47 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 15: OPERATING LEASES

On July 1, 2015, the Regional Office of Education #47 entered into an agreement for the lease of a school building. The lease agreement is for the period of July 1, 2015 through June 30, 2019. Rent is \$1,300 per month for the period July 1, 2015 through June 30, 2016, \$1,500 per month for the period July 1, 2016 through June 30, 2017, \$1,800 per month for the period July 1, 2017 through June 30, 2018, and \$2,000 per month for the period July 1, 2018 through June 30, 2019. Lease expense for the building in fiscal year 2016 was \$15,600. Future minimum lease payments are as follows:

Year Ended June 30,		
2017	\$	18,000
2018		21,600
2019		24,000
Total	\$	<u>63,600</u>

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013, and directed certain other consolidations. Effective July 1, 2015 Lee and Ogle Counties Regional Office of Education #47 consolidated Whiteside County Regional Office of Education #55 into its educational service region.

During the consolidation, the Regional Office of Education #47 acquired capital assets with a value of \$34,802. These capital assets are reflected in the July 1, 2015 balance of Governmental Activities. The opening net position of the governmental activities on the government-wide Statement of Activities has been restated. See Note 9 for capital asset activity.

The Regional Office of Education #47 also acquired a capital lease with a remaining balance due of \$4,382. The opening net position of the governmental activities on the government-wide Statement of Activities has been restated. See Note 12 for capital lease activity.

The Regional Office of Education #47 implemented GASB Statement Nos. 68 and 71 in fiscal year 2015 and, therefore, restated July 1, 2014, net position to recognize deferred outflows of resources, deferred inflows of resources, and net pension liability in the prior year related to IMRF and TRS. During the consolidation process, the Regional Office of Education #47 acquired the deferred outflows of resources, deferred inflows of resources, net pension asset, and net pension liability from Whiteside County Regional Office of Education #55. The net ending balance of the deferred outflows of resources, deferred inflows of resources, net pension asset, and net pension liability relating to IMRF and TRS in the prior year was (\$196,710).

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION (CONTINUED)

During fiscal year 2015, prior to the July 1, 2015 consolidation date for the Regional Offices of Education (ROE) #47 and #55, ROE #47 established an Agency Fund in which it began processing ROE #55's payroll. ROE #55 would reimburse ROE #47 after each payroll. At June 30, 2015, ROE #55 owed ROE #47 \$15,609. Although this receivable was correctly recorded by ROE #47, the payable was not recorded by ROE #55. This resulted in an understatement of amounts due to other governments and an overstatement of net position of \$15,609 in the June 30, 2015 financial statements of ROE #55 and subsequently a \$15,609 overstatement in the beginning balance of net position for the consolidated financial statements of ROE #47 at July 1, 2015. An adjustment was needed to correct this error.

The following beginning balances have been restated as follows:

General Fund

Fund Balance - Beginning	\$ 517,873
Effect of Correction Prior Year Error	(15,609)
Effect of Consolidation on Opening Fund Balance	308,125
Fund Balance - Beginning, Restated	<u>\$ 810,389</u>

Education Fund

Fund Balance - Beginning	\$ (38,469)
Effect of Consolidation on Opening Fund Balance	36,968
Fund Balance - Beginning, Restated	<u>\$ (1,501)</u>

Nonmajor Special Revenue Funds

Fund Balance - Beginning	\$ 94,009
Effect of Institute Fund Reported as a Major Fund in the Current Year	(91,386)
Effect of Consolidation on Opening Fund Balance	19,065
Fund Balance - Beginning, Restated	<u>\$ 21,688</u>

In the prior year the Institute fund was reported as a nonmajor fund in the Regional Office's governmental funds. Based on the required calculation, it will be reported as a major fund in the current year. This has been considered in the nonmajor fund balance restatement above.

Proprietary Funds

Net Position - Beginning	\$ 112,455
Effect of Consolidation on Opening Net Position	17,588
Net Position - Beginning, Restated	<u>\$ 130,043</u>

Governmental Activities Net Position

Net Position - Beginning	\$ (624,857)
Effect of Recognizing Net Deferred Outflows/Inflows and Net Pension Asset/Liability	(196,710)
Effect of Correction Prior Year Error	(15,609)
Effect of Consolidation on Opening Net Position	457,620
Net Position - Beginning, Restated	<u>\$ (379,556)</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION (CONTINUED)

Business-Type Activities Net Position

Net Position - Beginning	\$ 112,455
Effect of Consolidation on Opening Net Position	17,588
Net Position - Beginning, Restated	<u>\$ 130,043</u>

During the consolidation, the Regional Office of Education #47 received \$17,588 in cash and cash equivalents related to business-type activities. The beginning cash balances of the business-type activities on the Proprietary Funds Statement of Cash Flows have been restated to reflect these cash balances as follows:

Business-Type Activities Cash

Cash and Cash Equivalents - Beginning	\$ 60,863
Effect of Consolidation on Opening Cash and Cash Equivalents Balance	17,588
Net Position, restated - Beginning (restated)	<u>\$ 78,451</u>

During the consolidation, the Regional Office of Education #47 also received \$102 in cash and cash equivalents related to the Distributive Fund, an agency fund. The beginning cash balances of the Agency Funds Combining Statement of Changes in Assets and Liabilities has been restated to reflect this cash balance as follows:

Agency Fund Cash

Cash and Cash Equivalents - Beginning	\$ 8,258
Effect of Consolidation on Opening Cash and Cash Equivalents Balance	102
Net Position, restated - Beginning (restated)	<u>\$ 8,360</u>

Lee, Ogle, and Whiteside Counties Regional Office of Education #47 began operations on July 1, 2015, and was formed from the merger of Lee and Ogle Counties Regional Office of Education #47 and Whiteside County Regional Office of Education #55. The merger resulted from the Illinois State Board of Education's adoption of a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013. The initial opening balances of Lee, Ogle, and Whiteside Counties Regional Office of Education #47's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of Lee and Ogle Counties Regional Office of Education #47 and Whiteside County Regional Office of Education #55 as of July 1, 2015 as follows:

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016**

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION (CONCLUDED)

Merger of Operations as of July 1, 2015

	<u>ROE #55</u>	<u>ROE #47</u>	<u>Corrections</u>	<u>Total</u>
Total Current Assets	\$ 467,871	\$ 976,998	\$ (15,609)	\$ 1,429,260
Total Noncurrent Assets	54,520	51,846	-	106,366
Total Assets	<u>522,391</u>	<u>1,028,844</u>	<u>(15,609)</u>	<u>1,535,626</u>
Deferred Outflows of Resources	<u>98,771</u>	<u>113,618</u>	<u>-</u>	<u>212,389</u>
Total Current Liabilities	24,039	237,884	-	261,923
Total Noncurrent Liabilities	<u>267,843</u>	<u>1,098,190</u>	<u>-</u>	<u>1,366,033</u>
Total Liabilities	<u>291,882</u>	<u>1,336,074</u>	<u>-</u>	<u>1,627,956</u>
Deferred Inflows of Resources	<u>50,782</u>	<u>318,790</u>	<u>-</u>	<u>369,572</u>
Net Position				
Investment in Capital Assets	30,420	39,717	-	70,137
Unrestricted	99,627	(648,019)	(15,609)	(564,001)
Restricted - Other	<u>148,451</u>	<u>95,900</u>	<u>-</u>	<u>244,351</u>
Total Net Position	<u>\$ 278,498</u>	<u>\$ (512,402)</u>	<u>\$ (15,609)</u>	<u>\$ (249,513)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO CALENDAR YEARS**

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 30,034	\$ 82,555
Interest on the Total Pension Liability	52,915	160,586
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	99,871	(80,230)
Changes of Assumptions	-	73,750
Benefit Payments, including Refunds of Employee Contributions	(69,208)	(75,296)
Net Change in Total Pension Liability	<u>113,612</u>	<u>161,365</u>
Total Pension Liability - Beginning (Restated)	<u>2,297,912</u>	<u>2,136,547</u>
Total Pension Liability - Ending (A)	<u>\$ 2,411,524</u>	<u>\$ 2,297,912</u>
 Plan Fiduciary Net Position		
Contributions - Employer	84,571	94,793
Contributions - Employees	33,261	35,963
Net Investment Income	(19,016)	104,875
Benefit Payments, including Refunds of Employee Contributions	(69,208)	(75,296)
Other (Net Transfer)	2,676	(1,385)
Net Change in Plan Fiduciary Net Position	<u>32,284</u>	<u>158,950</u>
Plan Fiduciary Net Position - Beginning (Restated)	<u>2,194,718</u>	<u>2,035,768</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 2,227,002</u>	<u>\$ 2,194,718</u>
 Net Pension Liability - Ending (A) - (B)	<u>\$ 184,522</u>	<u>\$ 103,194</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.35%	95.51%
 Covered Valuation Payroll	\$ 628,080	\$ 689,529
 Net Pension Liability as a Percentage of Covered Valuation Payroll	29.38%	14.97%

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.

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
LAST TWO CALENDAR YEARS**

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	\$ 83,383	\$ 94,793	\$ (11,410)	\$ 689,529	13.75%
2015	\$ 84,571	\$ 90,065	\$ -	\$ 628,080	14.34%

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:

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

Other Information:

Notes:

There were no benefit changes during the year.

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

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2016†**

	<u>FY15*</u>	<u>FY14*</u>
Employer's proportion of the net pension liability	0.0069261879%	0.0020245607%
Employer's proportionate share of the net pension liability	\$ 1,480,881	\$ 1,232,112
State's proportionate share of the net pension liability associated with the employer	<u>4,373,766</u>	<u>7,355,833</u>
Total	<u>\$ 5,854,647</u>	<u>\$ 8,587,945</u>
Employer's covered-employee payroll	\$ 797,845	\$ 742,779
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	185.61%	165.88%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2016†**

	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>
Contractually-required contribution	\$ 142,932	\$ 78,533	\$ 69,684
Contributions in relation to contractually-required contribution	<u>139,505</u>	<u>81,762</u>	<u>72,235</u>
Contribution deficiency (excess)	<u>\$ 3,427</u>	<u>\$ (3,229)</u>	<u>\$ (2,551)</u>
Employer's covered-employee payroll	\$ 933,497	\$ 797,845	\$ 742,779
Contributions as a percentage of covered-employee payroll	14.94%	10.25%	9.72%

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

Notes to this Required Supplementary Information

Changes of assumptions

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.

SUPPLEMENTAL INFORMATION

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2016**

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Assets					
Cash and cash equivalents	\$ 96,363	\$ -	\$ 83,409	\$ 92,027	\$ 271,799
Due from other funds	460,304	-	-	-	460,304
Due from other governments	9,400	7,981	16,000	-	33,381
Prepaid expenses	-	-	22,350	-	22,350
Total Assets	<u>566,067</u>	<u>7,981</u>	<u>121,759</u>	<u>92,027</u>	<u>787,834</u>
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 566,067</u>	<u>\$ 7,981</u>	<u>\$ 121,759</u>	<u>\$ 92,027</u>	<u>\$ 787,834</u>
Liabilities					
Due to other funds	\$ -	\$ 11,019	\$ -	\$ -	\$ 11,019
Due to other governments	30,023	-	-	-	30,023
Total Liabilities	<u>30,023</u>	<u>11,019</u>	<u>-</u>	<u>-</u>	<u>41,042</u>
Deferred Inflows of Resources	-	-	-	-	-
Fund Balances (Deficits)					
Nonspendable	-	-	22,350	-	22,350
Unassigned	536,044	(3,038)	99,409	92,027	724,442
Total Fund Balances (Deficits)	<u>536,044</u>	<u>(3,038)</u>	<u>121,759</u>	<u>92,027</u>	<u>746,792</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 566,067</u>	<u>\$ 7,981</u>	<u>\$ 121,759</u>	<u>\$ 92,027</u>	<u>\$ 787,834</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2016

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Revenues					
Local sources	\$ 166,163	\$ 9,330	\$ 73,000	\$ -	\$ 248,493
State sources	-	-	325,690	217,658	543,348
Interest	1,886	-	-	-	1,886
On-behalf payments	399,855	-	-	-	399,855
Total Revenues	<u>567,904</u>	<u>9,330</u>	<u>398,690</u>	<u>217,658</u>	<u>1,193,582</u>
Expenditures					
Instructional services					
Salaries	26,057	-	339,909	40,132	406,098
Employee benefits	3,171	-	18,124	3,485	24,780
Pension expense	6,480	-	33,104	3,861	43,445
Purchased services	114,460	9,473	51,690	4,681	180,304
Supplies and materials	6,230	-	1,904	173	8,307
Payments to other governmental units	-	-	29,456	77,137	106,593
On-behalf payments	399,855	-	-	-	399,855
Capital outlay	74,144	-	-	-	74,144
Total Expenditures	<u>630,397</u>	<u>9,473</u>	<u>474,187</u>	<u>129,469</u>	<u>1,243,526</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(62,493)</u>	<u>(143)</u>	<u>(75,497)</u>	<u>88,189</u>	<u>(49,944)</u>
Other Financing Sources (Uses)					
Repayment of long-term lease payable	(5,521)	-	-	-	(5,521)
Transfers in	1,229	-	611	-	1,840
Transfers out	(9,972)	-	-	-	(9,972)
Total Other Financing Sources (Uses)	<u>(14,264)</u>	<u>-</u>	<u>611</u>	<u>-</u>	<u>(13,653)</u>
Net Change in Fund Balances (Deficits)	<u>(76,757)</u>	<u>(143)</u>	<u>(74,886)</u>	<u>88,189</u>	<u>(63,597)</u>
Fund Balances (Deficits), Beginning of Year	326,242	(2,895)	192,088	2,438	517,873
Restatement (See Note 16)	<u>286,559</u>	<u>-</u>	<u>4,557</u>	<u>1,400</u>	<u>292,516</u>
Fund Balances (Deficits), Beginning of Year - Restated	<u>612,801</u>	<u>(2,895)</u>	<u>196,645</u>	<u>3,838</u>	<u>810,389</u>
Fund Balances (Deficits), End of Year	<u>\$ 536,044</u>	<u>\$ (3,038)</u>	<u>\$ 121,759</u>	<u>\$ 92,027</u>	<u>\$ 746,792</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2016**

	Early Childhood Block Grant (FY15)	Early Childhood Block Grant (FY16)	Preschool for All (FY15)	Preschool for All (FY16)	Parents as Teachers	Adult Education and Family Literacy Grant	Education Outreach Program
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 7,625	\$ 3,495	\$ -
Due from other governments	-	26,992	-	40,238	-	-	19,160
Total Assets	<u>-</u>	<u>26,992</u>	<u>-</u>	<u>40,238</u>	<u>7,625</u>	<u>3,495</u>	<u>19,160</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 26,992</u>	<u>\$ -</u>	<u>\$ 40,238</u>	<u>\$ 7,625</u>	<u>\$ 3,495</u>	<u>\$ 19,160</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	26,992	-	40,238	-	-	19,160
Due to other governments	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	237	-
Total Liabilities	<u>-</u>	<u>26,992</u>	<u>-</u>	<u>40,238</u>	<u>-</u>	<u>237</u>	<u>19,160</u>
Deferred Inflows of Resources							
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)							
Restricted	-	-	-	-	7,625	3,258	-
Unassigned	-	-	-	(8,368)	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,368)</u>	<u>7,625</u>	<u>3,258</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 26,992</u>	<u>\$ -</u>	<u>\$ 40,238</u>	<u>\$ 7,625</u>	<u>\$ 3,495</u>	<u>\$ 19,160</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2016**

	Foundation Level Services	IDEA Improvement Grants, Part D	Math & Science Partnership - Math Area Partner (FY15)	Math & Science Partnership - Math Area Partner (FY16)	Math & Science Partnership - Science Area Partner (FY15)	Math & Science Partnership - Science Area Partner (FY16)	McKinney Education for Homeless Children
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,568	\$ -	\$ -
Due from other governments	5,747	256,656	-	12,343	-	14,906	43,103
Total Assets	<u>5,747</u>	<u>256,656</u>	<u>-</u>	<u>12,343</u>	<u>3,568</u>	<u>14,906</u>	<u>43,103</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,747</u>	<u>\$ 256,656</u>	<u>\$ -</u>	<u>\$ 12,343</u>	<u>\$ 3,568</u>	<u>\$ 14,906</u>	<u>\$ 43,103</u>
Liabilities							
Accounts payable	\$ -	\$ 5,129	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	5,747	152,723	-	12,343	-	14,906	43,103
Due to other governments	-	98,804	-	-	3,568	-	-
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	<u>5,747</u>	<u>256,656</u>	<u>-</u>	<u>12,343</u>	<u>3,568</u>	<u>14,906</u>	<u>43,103</u>
Deferred Inflows of Resources							
Unavailable revenue	<u>-</u>	<u>17,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)							
Restricted	-	-	-	-	-	-	-
Unassigned	-	(17,942)	-	-	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>(17,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 5,747</u>	<u>\$ 256,656</u>	<u>\$ -</u>	<u>\$ 12,343</u>	<u>\$ 3,568</u>	<u>\$ 14,906</u>	<u>\$ 43,103</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2016**

	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations	Rural Education Achievement Program	Teacher Induction and Mentoring
Assets							
Cash and cash equivalents	\$ 3,230	\$ 5,356	\$ 83	\$ -	\$ -	\$ -	\$ 5,007
Due from other governments	-	-	51	18,261	84,721	-	-
Total Assets	<u>3,230</u>	<u>5,356</u>	<u>134</u>	<u>18,261</u>	<u>84,721</u>	<u>-</u>	<u>5,007</u>
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,230</u>	<u>\$ 5,356</u>	<u>\$ 134</u>	<u>\$ 18,261</u>	<u>\$ 84,721</u>	<u>\$ -</u>	<u>\$ 5,007</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	18,261	84,721	-	-
Due to other governments	-	-	134	-	-	-	5,007
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>134</u>	<u>18,261</u>	<u>84,721</u>	<u>-</u>	<u>5,007</u>
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	-
Fund Balances (Deficits)							
Restricted	3,230	5,356	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>3,230</u>	<u>5,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 3,230</u>	<u>\$ 5,356</u>	<u>\$ 134</u>	<u>\$ 18,261</u>	<u>\$ 84,721</u>	<u>\$ -</u>	<u>\$ 5,007</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2016**

	Title I - Migrant Education	Title I - Migrant Incentive	Title II Teacher Quality Leadership	Sterling Truants Alternative Program	Truants Alternative Education	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,484	\$ -	\$ 29,848
Due from other governments	-	-	-	22,000	31,091	575,269
Total Assets	-	-	-	23,484	31,091	605,117
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,484</u>	<u>\$ 31,091</u>	<u>\$ 605,117</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,129
Due to other funds	-	-	-	-	31,091	449,285
Due to other governments	-	-	-	-	-	107,513
Unearned revenue	-	-	-	13,000	-	13,237
Total Liabilities	-	-	-	13,000	31,091	575,164
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	26,310
Fund Balances (Deficits)						
Restricted	-	-	-	10,484	-	29,953
Unassigned	-	-	-	-	-	(26,310)
Total Fund Balances (Deficits)	-	-	-	10,484	-	3,643
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,484</u>	<u>\$ 31,091</u>	<u>\$ 605,117</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2016

	Early Childhood Block Grant (FY15)	Early Childhood Block Grant (FY16)	Preschool for All (FY15)	Preschool for All (FY16)	Parents as Teachers	Adult Education and Family Literacy Grant	Education Outreach Program
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 3,957	\$ -	\$ -
State sources	20,100	190,502	13,000	191,220	-	10,754	-
Federal sources	-	-	-	-	-	-	143,874
Total Revenues	<u>20,100</u>	<u>190,502</u>	<u>13,000</u>	<u>191,220</u>	<u>3,957</u>	<u>10,754</u>	<u>143,874</u>
Expenditures							
Instructional services							
Salaries	13,751	139,169	9,136	133,974	60	9,611	85,095
Employee benefits	971	10,234	599	9,512	5	397	7,181
Pension expense	1,980	21,941	969	14,637	-	447	13,148
Purchased services	3,386	15,978	1,158	29,448	1,538	299	36,040
Supplies and materials	12	3,180	1,138	12,017	3,008	-	2,410
Payments to other governmental units	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>20,100</u>	<u>190,502</u>	<u>13,000</u>	<u>199,588</u>	<u>4,611</u>	<u>10,754</u>	<u>143,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,368)</u>	<u>(654)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	375	-	-	-
Transfers out	-	(738)	-	-	-	-	(491)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(738)</u>	<u>-</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>(491)</u>
Net Change in Fund Balances (Deficits)	<u>-</u>	<u>(738)</u>	<u>-</u>	<u>(7,993)</u>	<u>(654)</u>	<u>-</u>	<u>(491)</u>
Fund Balances (Deficits), Beginning of Year	-	-	-	-	-	-	-
Restatement (See Note 16)	<u>-</u>	<u>738</u>	<u>-</u>	<u>(375)</u>	<u>8,279</u>	<u>3,258</u>	<u>491</u>
Fund Balances (Deficits), Beginning of Year - Restated	<u>-</u>	<u>738</u>	<u>-</u>	<u>(375)</u>	<u>8,279</u>	<u>3,258</u>	<u>491</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,368)</u>	<u>\$ 7,625</u>	<u>\$ 3,258</u>	<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2016

	Foundation Level Services	IDEA Improvement Grants, Part D	Math & Science Partnership - Math Area Partner (FY15)	Math & Science Partnership - Math Area Partner (FY16)	Math & Science Partnership - Science Area Partner (FY15)	Math & Science Partnership - Science Area Partner (FY16)	McKinney Education for Homeless Children
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	38,667	1,289,623	221,178	113,213	205,095	119,418	225,226
Total Revenues	<u>38,667</u>	<u>1,289,623</u>	<u>221,178</u>	<u>113,213</u>	<u>205,095</u>	<u>119,418</u>	<u>225,226</u>
Expenditures							
Instructional services							
Salaries	15,498	292,067	19,229	56,463	16,579	52,323	52,582
Employee benefits	4,911	86,435	3,691	4,319	3,220	10,935	3,424
Pension expense	6,220	69,160	1,857	5,960	4,125	13,823	7,173
Purchased services	12,038	56,769	132,324	31,522	119,845	28,977	11,796
Supplies and materials	-	3,961	48,489	1,406	46,052	549	3,593
Payments to other governmental units	-	780,880	15,588	13,543	15,424	12,811	146,694
Capital outlay	-	780	-	-	-	-	-
Total Expenditures	<u>38,667</u>	<u>1,290,052</u>	<u>221,178</u>	<u>113,213</u>	<u>205,245</u>	<u>119,418</u>	<u>225,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(429)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>(36)</u>
Other Financing Sources (Uses)							
Transfers in	-	5,920	-	-	150	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,920</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances (Deficits)	<u>-</u>	<u>5,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36)</u>
Fund Balances (Deficits), Beginning of Year	-	(23,433)	-	-	-	-	-
Restatement (See Note 16)	-	-	-	-	-	-	36
Fund Balances (Deficits), Beginning of Year - Restated	<u>-</u>	<u>(23,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ (17,942)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2016

	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations	Rural Education Achievement Program	Teacher Induction and Mentoring
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	152	87,301	84,721	-	18,993
Federal sources	10,625	3,899	-	-	-	2,443	-
Total Revenues	<u>10,625</u>	<u>3,899</u>	<u>152</u>	<u>87,301</u>	<u>84,721</u>	<u>2,443</u>	<u>18,993</u>
Expenditures							
Instructional services							
Salaries	-	-	-	47,970	65,560	-	5,200
Employee benefits	-	-	-	3,061	7,661	-	249
Pension expense	-	-	-	3,019	10,343	-	-
Purchased services	-	-	476	3,621	1,157	1,145	9,875
Supplies and materials	-	-	-	1,280	-	-	166
Payments to other governmental units	12,954	3,899	-	28,350	-	-	3,503
Capital outlay	-	-	-	-	-	1,298	-
Total Expenditures	<u>12,954</u>	<u>3,899</u>	<u>476</u>	<u>87,301</u>	<u>84,721</u>	<u>2,443</u>	<u>18,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,329)</u>	<u>-</u>	<u>(324)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances (Deficits)	<u>(2,329)</u>	<u>-</u>	<u>(324)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits), Beginning of Year	-	-	-	-	-	-	-
Restatement (See Note 16)	<u>5,559</u>	<u>5,356</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits), Beginning of Year - Restated	<u>5,559</u>	<u>5,356</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits), End of Year	<u>\$ 3,230</u>	<u>\$ 5,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2016

	Title I - Migrant Education	Title I - Migrant Incentive	Title II Teacher Quality Leadership	Sterling Truants Alternative Program	Truants Alternative Education	Total
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,957
State sources	-	-	-	22,000	173,704	812,447
Federal sources	70,984	2,508	4,024	-	-	2,450,777
Total Revenues	<u>70,984</u>	<u>2,508</u>	<u>4,024</u>	<u>22,000</u>	<u>173,704</u>	<u>3,267,181</u>
Expenditures						
Instructional services						
Salaries	30,887	-	-	20,084	145,433	1,210,671
Employee benefits	4,027	-	-	1,536	7,731	170,099
Pension expense	8,649	-	-	3,191	10,574	197,216
Purchased services	13,102	593	4,024	321	9,567	524,999
Supplies and materials	135	1,915	-	-	399	129,710
Payments to other governmental units	1,750	-	-	-	-	1,035,396
Capital outlay	-	-	-	-	-	2,078
Total Expenditures	<u>58,550</u>	<u>2,508</u>	<u>4,024</u>	<u>25,132</u>	<u>173,704</u>	<u>3,270,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,434</u>	<u>-</u>	<u>-</u>	<u>(3,132)</u>	<u>-</u>	<u>(2,988)</u>
Other Financing Sources (Uses)						
Transfers in	2,602	-	925	-	-	9,972
Transfers out	-	-	-	-	(611)	(1,840)
Total Other Financing Sources (Uses)	<u>2,602</u>	<u>-</u>	<u>925</u>	<u>-</u>	<u>(611)</u>	<u>8,132</u>
Net Change in Fund Balances (Deficits)	<u>15,036</u>	<u>-</u>	<u>925</u>	<u>(3,132)</u>	<u>(611)</u>	<u>5,144</u>
Fund Balances (Deficits), Beginning of Year	(15,036)	-	-	-	-	(38,469)
Restatement (See Note 16)	-	-	(925)	13,616	611	36,968
Fund Balances (Deficits), Beginning of Year - Restated	<u>(15,036)</u>	<u>-</u>	<u>(925)</u>	<u>13,616</u>	<u>611</u>	<u>(1,501)</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,484</u>	<u>\$ -</u>	<u>\$ 3,643</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to August 31, 2015)
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT (FY15)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 29,664	\$ 50,114	\$ 20,100
Total Revenues	<u>29,664</u>	<u>50,114</u>	<u>20,100</u>
Expenditures			
Salaries	21,977	35,768	13,751
Employee benefits	1,685	4,307	971
Pension expense	-	-	1,980
Purchased services	5,781	9,769	3,386
Supplies and materials	221	270	12
Total Expenditures	<u>29,664</u>	<u>50,114</u>	<u>20,100</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to August 31, 2016)
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT (FY16)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 228,925	\$ 228,925	\$ 190,502
Total Revenues	<u>228,925</u>	<u>228,925</u>	<u>190,502</u>
Expenditures			
Salaries	166,062	162,693	139,169
Employee benefits	36,617	38,416	10,234
Pension expense	-	-	21,941
Purchased services	24,363	21,922	15,978
Supplies and materials	1,883	5,894	3,180
Total Expenditures	<u>228,925</u>	<u>228,925</u>	<u>190,502</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Uses			
Transfers out	<u>-</u>	<u>-</u>	<u>(738)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(738)</u>
Fund Balance, Beginning of Year			<u>-</u>
Restatement (See Note 16)			<u>738</u>
Fund Balance, Beginning of Year - Restated			<u>738</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to August 31, 2015)
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL (FY15)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 78,821	\$ 90,359	\$ 13,000
Total Revenues	<u>78,821</u>	<u>90,359</u>	<u>13,000</u>
Expenditures			
Salaries	64,281	72,505	9,136
Employee benefits	11,555	13,113	599
Pension expense	-	-	969
Purchased services	2,832	4,188	1,158
Supplies and materials	153	553	1,138
Total Expenditures	<u>78,821</u>	<u>90,359</u>	<u>13,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to August 31, 2016)
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL (FY16)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 223,100	\$ 223,100	\$ 191,220
Total Revenues	<u>223,100</u>	<u>223,100</u>	<u>191,220</u>
Expenditures			
Salaries	148,079	142,915	133,974
Employee benefits	24,692	25,666	9,512
Pension expense	-	-	14,637
Purchased services	38,123	37,706	29,448
Supplies and materials	12,206	16,813	12,017
Total Expenditures	<u>223,100</u>	<u>223,100</u>	<u>199,588</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(8,368)</u>
Other Financing Sources			
Transfers in	<u>-</u>	<u>-</u>	<u>375</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(7,993)</u>
Fund Balance, Beginning of Year			-
Restatement (See Note 16)			<u>(375)</u>
Fund Deficit, Beginning of Year - Restated			<u>(375)</u>
Fund Deficit, End of Year			<u>\$ (8,368)</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to September 30, 2015)
EDUCATION FUND ACCOUNTS
ADULT EDUCATION AND FAMILY LITERACY GRANT
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 25,343	\$ 25,343	\$ 10,754
Total Revenues	<u>25,343</u>	<u>25,343</u>	<u>10,754</u>
Expenditures			
Salaries	14,042	14,042	9,611
Employee benefits	3,684	3,684	397
Pension expense	-	-	447
Purchased services	6,792	6,792	299
Supplies and materials	825	825	0
Total Expenditures	<u>25,343</u>	<u>25,343</u>	<u>10,754</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Fund Balance, Beginning of Year			-
Restatement (See Note 16)			<u>3,258</u>
Fund Balance, Beginning of Year - Restated			<u>3,258</u>
Fund Balance, End of Year			<u>\$ 3,258</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to June 30, 2016)
EDUCATION FUND ACCOUNTS
EDUCATION OUTREACH PROGRAM
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 204,794	\$ 191,325	\$ 143,874
Total Revenues	<u>204,794</u>	<u>191,325</u>	<u>143,874</u>
Expenditures			
Salaries	111,044	95,208	85,095
Employee benefits	27,640	28,434	7,181
Pension expense	-	-	13,148
Purchased services	60,510	61,483	36,040
Supplies and materials	5,600	6,200	2,410
Total Expenditures	<u>204,794</u>	<u>191,325</u>	<u>143,874</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Uses			
Transfers out	<u>-</u>	<u>-</u>	<u>(491)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(491)</u>
Fund Balance, Beginning of Year			-
Restatement (See Note 16)			<u>491</u>
Fund Balance, Beginning of Year - Restated			<u>491</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to June 30, 2016)
EDUCATION FUND ACCOUNTS
FOUNDATION LEVEL SERVICES
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 81,732	\$ 94,047	\$ 38,667
Total Revenues	<u>81,732</u>	<u>94,047</u>	<u>38,667</u>
Expenditures			
Salaries	38,727	40,223	15,498
Employee benefits	18,588	18,973	4,911
Pension expense	-	-	6,220
Purchased services	24,417	24,356	12,038
Supplies and materials	-	95	-
Payments to other governmental units	-	10,400	-
Total Expenditures	<u>81,732</u>	<u>94,047</u>	<u>38,667</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2014 to September 30, 2016)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,400,000	\$ 3,161,518	\$ 1,289,623
Total Revenues	<u>2,400,000</u>	<u>3,161,518</u>	<u>1,289,623</u>
Expenditures			
Salaries	214,705	577,818	292,067
Employee benefits	76,123	318,938	86,435
Pension expense	-	-	69,160
Purchased services	712,496	179,586	56,769
Supplies and materials	45,750	24,170	3,961
Capital outlay	8,000	24,500	780
Payments to other governmental units	1,309,399	2,019,159	780,880
Other*	33,527	17,347	-
Total Expenditures	<u>2,400,000</u>	<u>3,161,518</u>	<u>1,290,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(429)</u>
Other Financing Sources			
Transfers in	<u>-</u>	<u>-</u>	<u>5,920</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,491</u>
Fund Deficit, Beginning of Year			<u>(23,433)</u>
Fund Deficit, End of Year			<u>\$ (17,942)</u>

* Other expenditures are comprised of indirect costs approved on the budget. These indirect costs are allocated to the applicable expenditure function in the actual amounts column.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of May 1, 2015 to September 30, 2015)
EDUCATION FUND ACCOUNTS
MATH & SCIENCE PARTNERSHIP - MATH AREA PARTNER (FY15)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 221,178
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>221,178</u>
Expenditures			
Salaries	31,583	31,583	19,229
Employee benefits	7,376	7,376	3,691
Pension expense	-	-	1,857
Purchased services	138,551	143,351	132,324
Supplies and materials	50,790	50,790	48,489
Payments to other governmental units	21,700	16,900	15,588
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>221,178</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2015 to August 31, 2016)
EDUCATION FUND ACCOUNTS
MATH & SCIENCE PARTNERSHIP - MATH AREA PARTNER (FY16)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 113,213
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>113,213</u>
Expenditures			
Salaries	66,584	73,084	56,463
Employee benefits	13,496	35,423	4,319
Pension expense	-	-	5,960
Purchased services	144,539	115,475	31,522
Supplies and materials	4,081	4,868	1,406
Payments to other governmental units	21,300	21,150	13,543
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>113,213</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of May 1, 2015 to September 30, 2015)
EDUCATION FUND ACCOUNTS
MATH & SCIENCE PARTNERSHIP - SCIENCE AREA PARTNER (FY15)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 205,095
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>205,095</u>
Expenditures			
Salaries	34,918	34,918	16,579
Employee benefits	16,671	16,671	3,220
Pension expense	-	-	4,125
Purchased services	125,614	131,014	119,845
Supplies and materials	51,297	51,297	46,052
Payments to other governmental units	21,500	16,100	15,424
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>205,245</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(150)</u>
Other Financing Sources			
Transfers in	<u>-</u>	<u>-</u>	150
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2015 to August 31, 2016)
EDUCATION FUND ACCOUNTS
MATH & SCIENCE PARTNERSHIP - SCIENCE AREA PARTNER (FY16)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 119,418
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>119,418</u>
Expenditures			
Salaries	64,609	62,086	52,323
Employee benefits	32,682	52,986	10,935
Pension expense	-	-	13,823
Purchased services	128,974	101,374	28,977
Supplies and materials	2,535	10,554	549
Payments to other governmental units	21,200	23,000	12,811
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>119,418</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to September 30, 2016)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 225,000	\$ 268,271	\$ 225,226
Total Revenues	<u>225,000</u>	<u>268,271</u>	<u>225,226</u>
Expenditures			
Salaries	55,000	58,500	52,582
Employee benefits	13,427	15,033	3,424
Pension expense	-	-	7,173
Purchased services	10,897	17,726	11,796
Supplies and materials	3,478	3,478	3,593
Payments to other governmental units	142,198	173,534	146,694
Total Expenditures	<u>225,000</u>	<u>268,271</u>	<u>225,262</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(36)</u>
Fund Balance, Beginning of Year			-
Restatement (See Note 16)			<u>36</u>
Fund Balance, Beginning of Year - Restated			<u>36</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2015 to June 30, 2016)
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 87,301	\$ 87,301	\$ 87,301
Total Revenues	<u>87,301</u>	<u>87,301</u>	<u>87,301</u>
Expenditures			
Salaries	47,970	47,970	47,970
Employee benefits	6,427	6,427	3,061
Pension expense	-	-	3,019
Purchased services	4,274	4,274	3,621
Supplies and materials	280	280	1,280
Payments to other governmental units	28,350	28,350	28,350
Total Expenditures	<u>87,301</u>	<u>87,301</u>	<u>87,301</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2015 to June 30, 2016)
 EDUCATION FUND ACCOUNTS
 ROE OPERATIONS
 For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 84,637	\$ 84,721	\$ 84,721
Total Revenues	<u>84,637</u>	<u>84,721</u>	<u>84,721</u>
Expenditures			
Salaries	68,130	65,560	65,560
Employee benefits	12,418	18,004	7,661
Pension expense	-	-	10,343
Purchased services	4,089	1,157	1,157
Total Expenditures	<u>84,637</u>	<u>84,721</u>	<u>84,721</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of December 1, 2015 to June 30, 2016)
EDUCATION FUND ACCOUNTS
TEACHER INDUCTION AND MENTORING
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 24,000	\$ 24,000	\$ 18,993
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>18,993</u>
Expenditures			
Salaries	4,600	4,600	5,200
Employee benefits	629	629	249
Purchased services	10,205	10,205	9,875
Supplies and materials	316	316	166
Payments to other governmental units	8,250	8,250	3,503
Total Expenditures	<u>24,000</u>	<u>24,000</u>	<u>18,993</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to June 30, 2016)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-00)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 85,655	\$ 87,450	\$ 70,984
Total Revenues	<u>85,655</u>	<u>87,450</u>	<u>70,984</u>
Expenditures			
Salaries	46,802	46,802	30,887
Employee benefits	16,791	18,671	4,027
Pension expense	-	-	8,649
Purchased services	16,190	20,102	13,102
Supplies and materials	4,122	125	135
Payments to other governmental units	1,750	1,750	1,750
Total Expenditures	<u>85,655</u>	<u>87,450</u>	<u>58,550</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>12,434</u>
Other Financing Sources			
Transfers in	<u>-</u>	<u>-</u>	<u>2,602</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	15,036
Fund Deficit, Beginning of Year			<u>(15,036)</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 17, 2015 to August 31, 2015)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT INCENTIVE
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,200	\$ 3,200	\$ 2,508
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>2,508</u>
Expenditures			
Purchased services	200	200	593
Supplies and materials	3,000	3,000	1,915
Total Expenditures	<u>3,200</u>	<u>3,200</u>	<u>2,508</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 25, 2015 to June 30, 2016)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 4,024	\$ 4,024	\$ 4,024
Total Revenues	<u>4,024</u>	<u>4,024</u>	<u>4,024</u>
Expenditures			
Purchased services	4,024	4,024	4,024
Total Expenditures	<u>4,024</u>	<u>4,024</u>	<u>4,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources			
Transfers in	<u>-</u>	<u>-</u>	<u>925</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>925</u>
Fund Balance, Beginning of Year			-
Restatement (See Note 16)			<u>(925)</u>
Fund Deficit, Beginning of Year - Restated			<u>(925)</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2015 to June 30, 2016)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE EDUCATION
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 173,704	\$ 173,704	\$ 173,704
Total Revenues	<u>173,704</u>	<u>173,704</u>	<u>173,704</u>
Expenditures			
Salaries	144,586	144,586	145,433
Employee benefits	19,688	19,688	7,731
Pension expense	-	-	10,574
Purchased services	8,830	8,830	9,567
Supplies and materials	600	600	399
Total Expenditures	<u>173,704</u>	<u>173,704</u>	<u>173,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers out	<u>-</u>	<u>-</u>	<u>(611)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(611)</u>
Fund Balance, Beginning of Year			-
Restatement (See Note 16)			<u>611</u>
Fund Balance, Beginning of Year - Restated			<u>611</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2016**

	Bus Driver Training	General Education Development	Total
Assets			
Cash and cash equivalents	\$ 16,082	\$ 8,265	\$ 24,347
Due from other governments	1,513	-	1,513
Total Assets	17,595	8,265	25,860
 Deferred Outflows of Resources	 -	 -	 -
 Total Assets and Deferred Outflows of Resources	 <u>\$ 17,595</u>	 <u>\$ 8,265</u>	 <u>\$ 25,860</u>
Liabilities			
Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Restricted	17,595	8,265	25,860
Total Fund Balances (Deficits)	17,595	8,265	25,860
 Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	 <u>\$ 17,595</u>	 <u>\$ 8,265</u>	 <u>\$ 25,860</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2016**

	Bus Driver Training	General Education Development	Total
Revenues			
Local sources	\$ 3,901	\$ 1,580	\$ 5,481
State sources	1,513	-	1,513
Total Revenues	<u>5,414</u>	<u>1,580</u>	<u>6,994</u>
Expenditures			
Instructional services			
Purchased services	2,676	56	2,732
Supplies and materials	-	90	90
Total Expenditures	<u>2,676</u>	<u>146</u>	<u>2,822</u>
Net Change in Fund Balances (Deficits)	<u>2,738</u>	<u>1,434</u>	<u>4,172</u>
Fund Balances (Deficits), Beginning of Year	4,514	(1,891)	2,623
Restatement (See Note 16)	<u>10,343</u>	<u>8,722</u>	<u>19,065</u>
Fund Balances (Deficits), Beginning of Year - Restated	<u>14,857</u>	<u>6,831</u>	<u>21,688</u>
Fund Balances (Deficits), End of Year	<u><u>\$ 17,595</u></u>	<u><u>\$ 8,265</u></u>	<u><u>\$ 25,860</u></u>

**LEE, OGLE, AND WHITESIDE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2016**

	<u>Impact Fees</u>	<u>Petitions Fund</u>	<u>15th Judicial Circuit Family Violence Coordinating Council</u>	<u>15th Judicial Circuit Family Violence Coordinating Council - Arrest Grant</u>	<u>Distributive Fund</u>	<u>School Facility Occupation Tax</u>	<u>Total</u>
Assets							
Cash and cash equivalents	\$ 2,052	\$ 40	\$ -	\$ 3,151	\$ 102	\$ 346,739	\$ 352,084
Due from other governments	-	-	-	-	284,677	-	284,677
Total Assets	<u>\$ 2,052</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 3,151</u>	<u>\$ 284,779</u>	<u>\$ 346,739</u>	<u>\$ 636,761</u>
Liabilities							
Due to other governments	<u>\$ 2,052</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 3,151</u>	<u>\$ 284,779</u>	<u>\$ 346,739</u>	<u>\$ 636,761</u>

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2016**

	Balance July 1, 2015 Restated- See Note 16	Additions	Deductions	Balance June 30, 2016
<u>Impact Fees</u>				
Assets				
Cash and cash equivalents	\$ 8,218	\$ 20,416	\$ 26,582	\$ 2,052
Liabilities				
Due to other governments	\$ 8,218	\$ 20,416	\$ 26,582	\$ 2,052
<u>Petitions Fund</u>				
Assets				
Cash and cash equivalents	\$ 40	\$ -	\$ -	\$ 40
Liabilities				
Due to other governments	\$ 40	\$ -	\$ -	\$ 40
<u>15th Judicial Circuit Family Violence Coordinating Council</u>				
Assets				
Due from other governments	\$ 4,336	\$ -	\$ 4,336	\$ -
Liabilities				
Due to other governments	\$ 4,336	\$ -	\$ 4,336	\$ -
<u>15th Judicial Circuit Family Violence Coordinating Council - Arrest Grant</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 7,200	\$ 4,049	\$ 3,151
Liabilities				
Due to other governments	\$ -	\$ 7,200	\$ 4,049	\$ 3,151
<u>Distributive Fund</u>				
Assets				
Cash and cash equivalents	\$ 102	6,399,658	\$ 6,399,658	\$ 102
Due from other governments	157,317	284,677	157,317	284,677
Total Assets	\$ 157,419	\$ 6,684,335	\$ 6,556,975	\$ 284,779
Liabilities				
Due to other governments	\$ 157,419	\$ 284,677	\$ 157,317	\$ 284,779
<u>School Facility Occupation Tax</u>				
Assets				
Cash and cash equivalents	\$ -	3,133,675	\$ 2,786,936	\$ 346,739
Liabilities				
Due to other governments	\$ -	\$ 346,739	\$ -	\$ 346,739
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 8,360	\$ 9,560,949	\$ 9,217,225	\$ 352,084
Due from other governments	161,653	284,677	161,653	284,677
Total Assets	\$ 170,013	\$ 9,845,626	\$ 9,378,878	\$ 636,761
Liabilities				
Due to other governments	\$ 170,013	\$ 659,032	\$ 192,284	\$ 636,761

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the Year Ended June 30, 2016**

	Regional Superintendent of Schools	Bi-County Special Education Coop	Total
General State Aid - Sec. 18-8	\$ 519,622	\$ -	\$ 519,622
General State Aid - Loss Limit Grants	23,727	-	23,727
Special Ed. - Personnel	-	421,743	421,743
State Free Lunch & Breakfast	101	240	341
ROE Bus Driver Training	-	-	-
Truants Alternative/Optional Ed.	142,613	-	142,613
Regional Safe Schools	69,040	-	69,040
Early Childhood Block Grant	356,860	-	356,860
ROE/ISC Operations	-	-	-
Other State Programs	18,993	-	18,993
National School Lunch Program	10,625	20,251	30,876
School Breakfast Program	3,820	11,863	15,683
Title I - Migrant Education	73,596	-	73,596
Title I - Migrant Incentive	2,508	-	2,508
Fed. - Sp. Ed. - Pre-School Flow Through	-	91,093	91,093
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	2,305,392	2,305,392
IDEA - Improvement Grants - Part D	1,423,119	-	1,423,119
McKinney Education for Homeless Children	265,205	-	265,205
Title II - Teacher Quality - Leadership Grant	4,024	-	4,024
Mathematics and Science Partnership	635,223	-	635,223
	<u>\$ 3,549,076</u>	<u>\$ 2,850,582</u>	<u>\$ 6,399,658</u>

FEDERAL COMPLIANCE SECTION

**LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures 7/1/15 - 6/30/16
U. S. Department of Education				
Rural Education Achievement Program	84.358A	S358A14874		\$ 2,443
Passed Through Illinois State Board of Education				
Migrant Education - State Grant Program <i>Title I - Migrant Education</i>	84.011A	15-4340-01	\$ 1,750	55,948
Migrant Education - Coordination Program <i>Title I - Migrant Incentive Grant</i>	84.144F	15-4341-00		2,508
Education for Homeless Children and Youth <i>McKinney Education for Homeless Children</i>	84.196A	16-4920-00	146,694	225,226
Math and Science Partnerships <i>Math and Science Partnership-Math Area Partner</i>	84.366B	15-4936-MA	15,588	221,178
<i>Math and Science Partnership-Math Area Partner</i>		16-4936-MA	13,543	113,213
<i>Math and Science Partnerships-Science Area Partner</i>		15-4936-SA	15,424	205,095
<i>Math and Science Partnerships-Science Area Partner</i>		16-4936-SA	12,811	119,418
			<u>57,366</u>	<u>658,904</u>
Special Education - State Personnel Development <i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	15-4631-RN	780,880	1,284,132
Improving Teacher Quality State Grants <i>Title II - Teacher Quality - Leadership Grants</i>	84.367A	16-4935-02		4,024
Passed Through Boone-Winnebago Regional Office of Education				
Title I Grants to Local Educational Agencies <i>Title I School Improvement and Accountability Part A - SSOS</i>	84.010A	16-4331-SS		38,667
Total U. S. Department of Education				<u>2,271,852</u>
U.S. Department of Labor				
Passed through Best, Inc <i>WIA Youth Activities</i>	17.259	15-002		143,874
U. S. Department of Agriculture				
Passed through Illinois State Board of Education				
Child Nutrition Cluster				
National School Lunch Program <i>National School Lunch Program</i>	10.555	16-4210-00	9,777	9,777
<i>National School Lunch Program</i>	10.555	15-4210-00	848	848
			<u>10,625</u>	<u>10,625</u>
School Breakfast Program <i>School Breakfast Program</i>	10.553	16-4220-00	3,548	3,548
<i>School Breakfast Program</i>	10.553	15-4220-00	351	351
			<u>3,899</u>	<u>3,899</u>
Total Child Nutrition Cluster				14,524
Total U. S. Department of Agriculture				<u>14,524</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,001,214</u>	<u>\$ 2,430,250</u>

(M) Major Program

The accompanying notes are an integral part of this schedule.

LEE, OGLE, AND WHITESIDE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
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 grant activity of the Regional Office of Education #47 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 #47, it is not intended to and does not present the financial position, changed in net assets, or cash flows of Regional Office of Education #47.

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 shown on the Schedule represent adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education #47 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.