

State of Illinois  
SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

FINANCIAL AUDIT  
(In accordance with the Uniform Guidance)  
FOR THE YEAR ENDED JUNE 30, 2017

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

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SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

AGENCY OFFICIALS

For the Year Ended June 30, 2017

Regional Superintendent  
(Current and during the audit period)

Mr. Jeff Vose

Assistant Regional Superintendent  
(Current and during the audit period)

Ms. Shannon Fehrholz

Office is located at:

2201 S. Dirksen Parkway  
Springfield, IL 62703

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMPLIANCE REPORT SUMMARY

For the Year Ended June 30, 2017

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

AUDITOR'S REPORT

The auditor's reports on compliance and internal controls contain scope limitations, disclaimers and other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	3	6
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	3	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
<i>FINDINGS ( GOVERNMENT AUDITING STANDARDS )</i>			
2017-001	15a	Controls Over Financial Statement Preparation	Significant Deficiency/ Noncompliance
2017-002	15c	Delay of Audit	Noncompliance
2017-003	15e	Inadequate Internal Controls over Compliance Requirements	Significant Deficiency/ Noncompliance
<i>FINDINGS AND QUESTIONED COSTS ( FEDERAL COMPLIANCE )</i>			
2017-003	16	Inadequate Internal Controls over Compliance Requirements	Significant Deficiency/ Noncompliance
<i>PRIOR FINDINGS NOT REPEATED ( GOVERNMENT AUDITING STANDARDS )</i>			
2016-003	18	Restricted Funds Used for Unauthorized Purpose	Material Weakness/ Noncompliance
2016-004	18	Financial Records	Material Weakness
2016-005	18	Reconciliation of Bank Statements	Material Weakness
<i>PRIOR FINDINGS NOT REPEATED ( FEDERAL COMPLIANCE )</i>			
None			

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMPLIANCE REPORT SUMMARY (CONTINUED)

For the Year Ended June 30, 2017

EXIT CONFERENCE

An exit conference was held on December 17, 2019 via teleconference to discuss the findings and recommendations appearing in this report. In attendance from the Regional Office were Jeff Vose, Regional Superintendent, and Angie Brentlinger, Fiscal Manager. In attendance from Doehring, Winders & Co. LLP were Robert Arnholt, Partner, and Matthew Clarkson, Manager. Responses and corrective action plans were provided by Angie Brentlinger in an email correspondence dated January 27, 2020.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2017

The audit of the accompanying basic financial statements of the Sangamon-Menard Counties Regional Office of Education #51 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors issued a disclaimer opinion on governmental activities Statement of Activities but otherwise expressed an unmodified opinion on the Sangamon-Menard Counties Regional Office of Education #51's basic financial statements.

DOEHRING, WINDERS & CO. LLP  
*Certified Public Accountants*  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61938

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 were engaged to audit the governmental activities Statement of Activities and have audited the governmental activities Statement of Net Position and the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon-Menard Counties Regional Office of Education #51 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sangamon-Menard Counties Regional Office of Education #51'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 from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the governmental activities Statement of Activities.

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.

Except for the matter described in the Basis for Disclaimer on the Governmental Activities Statement of Activities paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	
Statement of Net Position	Unmodified
Statement of Activities	Disclaimer
Business-Type Activities	Unmodified
General Fund	Unmodified
Education Fund	Unmodified
Institute Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### Basis for Disclaimer of Opinion on the Governmental Activities Statement of Activities

The Illinois Municipal Retirement Fund (IMRF) net pension expense reported in the governmental activities on the Statement of Activities is inaccurate. During our prior audit of the Sangamon-Menard Counties Regional Office of Education #51, we became aware that the actuarial information used to present the IMRF pension information omitted a retirement plan account which the Regional Office became responsible for as a result of their merger with Menard County which was formerly included with Logan/Mason/Menard Counties Regional Office of Education #38 as of July 1, 2015. In our prior audit, we also became aware the Regional Office made improper enrollments to the IMRF which were captured in the actuarial information presented to us. Management was unable to provide us with corrected actuarial information during our prior audit. Since the fiscal year 2017 net pension expense presented in these statements is based off of inaccurate information reported at June 30, 2016, we were unable to obtain sufficient appropriate evidence to express an opinion on the governmental activities Statement of Activities. The financial effects of these matters are material and impractical to quantify.

### Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Governmental Activities Statement of Activities" paragraph, we have not been able to obtain sufficient appropriate audit evidence on the governmental activities Statement of Activities of the Sangamon-Menard Regional Office of Education #51. Accordingly, we do not express an opinion on the governmental activities as reported on the Statement of Activities.

### Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the General Fund, the Education Fund, the Institute Fund, and the aggregate remaining fund information for the Sangamon-Menard Regional Office of Education #51, as of and for the year ended June 30, 2017, 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, except as described above for governmental activities Statement of Activities.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, and Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund on pages 62 through 64 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 Sangamon-Menard Counties Regional Office of Education #51's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, 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, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of 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 February 26, 2020, on our consideration of the Sangamon-Menard Counties Regional Office of Education #51'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sangamon-Menard Counties #51's 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 Sangamon-Menard Counties Regional Office of Education #51's internal control over financial reporting and compliance.

*Doehring, Winders & Co. LLP*

Mattoon, Illinois  
February 26, 2020

DOEHRING, WINDERS & CO. LLP  
Certified Public Accountants  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61938

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 were engaged to audit, 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 governmental activities Statement of Activities and have audited, in accordance with the aforementioned standards, the governmental activities Statement of Net Position and the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Sangamon-Menard Counties Regional Office of Education #51, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Sangamon-Menard Counties Regional Office of Education #51's basic financial statements, and have issued our report thereon dated February 26, 2020. Our report contains a disclaimer of opinion on the governmental activities Statement of Activities of such financial statements because of a scope limitation related to the reporting of the Regional Office's retirement plan with the Illinois Municipal Retirement Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51's internal control. Accordingly, we do not express an opinion on the effectiveness of Sangamon-Menard Counties Regional Office of Education #51'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-003 that we consider to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sangamon-Menard Counties Regional Office of Education #51'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 2017-001, 2017-002, and 2017-003.

### Sangamon-Menard Counties Regional Office of Education #51's Responses to Findings

Sangamon-Menard Counties Regional Office of Education #51's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sangamon-Menard Counties Regional Office of Education #51's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Doehring, Winders & Co. LLP*

Mattoon, Illinois  
February 26, 2020

DOEHRING, WINDERS & CO. LLP  
Certified Public Accountants  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61938

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 Sangamon-Menard Counties Regional Office of Education #51's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Sangamon-Menard Counties Regional Office of Education #51's major federal program for the year ended June 30, 2017. The Sangamon-Menard Counties Regional Office of Education #51's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Sangamon-Menard Counties Regional Office of Education #51's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sangamon-Menard Counties Regional Office of Education #51's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Sangamon-Menard Counties Regional Office of Education #51's compliance.

Opinion on Each Major Federal Program

In our opinion, the Sangamon-Menard Counties Regional Office of Education #51 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003. Our opinion on the major federal program is not modified with respect to these matters.

Sangamon-Menard Counties Regional Office of Education #51's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sangamon-Menard Counties Regional Office of Education #51'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 Sangamon-Menard Counties Regional Office of Education #51 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sangamon-Menard Counties Regional Office of Education #51's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sangamon-Menard Counties Regional Office of Education #51'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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003, that we consider to be a significant deficiency.

Sangamon-Menard Counties Regional Office of Education #51's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sangamon-Menard Counties Regional Office of Education #51'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.

*Doehring, Winders & Co. LLP*

Mattoon, Illinois  
February 26, 2020

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section I - Summary of Auditor's Results**

**Financial Statements in accordance with GAAP**

	Unmodified, except for disclaimer of opinion on the governmental activities Statement of Activities
Type of auditor's report issued:	
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	Yes
• Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs	
• Material weakness identified?	No
• Significant deficiency identified?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major federal programs:	
<u>CFDA Number(s)</u> 84.010A	<u>Name of Federal Program or Cluster</u> Title I Grants to Local Educational Agencies
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section II - Financial Statement Findings**

**2017-001 Controls Over Financial Statement Preparation (Partial Repeat of Finding 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)**

**Criteria/specific requirement:**

The Regional Office of Education #51 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 accurate, GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #51 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During the audit of the Regional Office of Education #51's financial statements, it was noted the Regional Office's controls over the reporting of accounts receivable and accounts payable were deficient. Specifically, the following deficiencies were noted:

- Draft financial statements prepared by the Regional Office omitted recognition of a \$30,187 payroll tax liability which existed as of June 30, 2016, but was not reported in the financial statements for the year then ended. This omission necessitated an adjustment to opening equity balances in these financial statements.
- Draft financial statements prepared by the Regional Office did not report all accounts receivable balances for amounts due from other governmental units. During the audit, it was noted the Regional Office was unaware of receivable balances totaling \$17,995 that had not been collected as of July 2019. The financial statements have been adjusted to recognize these receivable balances.

**Effect:**

The Regional Office of Education #51's management or employees, in the normal course of performing their assigned functions, did not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

Regional Office management indicated the omission of items from the financial statements as described above were due to the Regional Office not having proper procedures in place to track all receivable and payable balances.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section II - Financial Statement Findings (continued)**

**2017-001 Controls Over Financial Statement Preparation (Partial Repeat of Finding 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (continued)**

**Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education #51 should implement procedures to ensure all accounts receivable and payable are reflected in the financial records in the correct accounting period.

**Management's Response:**

The Regional Office accepts the finding and has implemented monitoring controls over accounts receivable and payroll liabilities.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section II - Financial Statement Findings (continued)**

**2017-002 Delay of Audit (Repeat of Finding 16-002)**

**Criteria/specific requirement:**

Regional Office of Education #51 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

**Condition:**

The Regional Office did not have their fiscal year 2017 financial records in auditable form and did not make their financial report available to the auditors until June 2019.

**Effect:**

When financial statements and records are not provided in a timely manner, delays in the audit occur and the usefulness of the financial statements and related findings resulting from the audit is impacted. Additionally, untimely financial statements could result in repercussions from granting agencies including a loss of funding.

**Cause:**

Regional Office management indicated the delays in completing the fiscal year 2017 financial records and reports were due to delays in completing the fiscal year 2016 audit which was issued late on March 26, 2019 due to problems with the Regional Office's computerized accounting system which have now been corrected.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section II - Financial Statement Findings (continued)**

**2017-002 Delay of Audit (Repeat of Finding 16-002) (continued)**

**Recommendation:**

The Regional Office of Education #51 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**Management's Response:**

The Regional Office of Education #51 has implemented procedures to achieve compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements are now prepared on an accrual basis of accounting in accordance with GAAP. Financial statements for fiscal years 2018 and after will be presented to the independent auditors with as little delay as possible.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section II - Financial Statement Findings (continued)**

**2017-003 Inadequate Internal Controls over Compliance Requirements (Repeat of Finding 16-006, 15-004, 14-003)**

Federal Program Name: Title I Grants to Local Educational Agencies

Project Number: 17-4331-SS

CFDA number: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

**Criteria/specific requirement:**

As a recipient of U.S. Department of Education grant funds passed through by the Illinois State Board of Education, the Regional Office must incorporate certain procedures into its operations to ensure compliance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as well as requirements contained in the grant agreements.

**Condition:**

The following instances of noncompliance were noted during testing:

- A. The Regional Office did not have a formal written policy in place to require employees who have only a portion of their payroll costs allocated to the Title I Grants to Local Educational Agencies program complete time and effort documentation to support the distribution. We noted 2 such employees with total salary, benefit, and pension costs charged to the program in the amount of \$4,599. The Uniform Guidance (2 CFR 200.430) requires nonfederal entities to maintain support for the distribution of payroll costs among multiple activities.
- B. The Regional Office did not perform risk assessments of subrecipients as required by the Uniform Guidance (2 CFR 200.331).
- C. The Regional Office did not obtain certifications from subrecipients required by the Uniform Guidance (2 CFR 200.415(a)).

**Questioned Costs:**

Not applicable

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section II - Financial Statement Findings (continued)**

**2017-003 Inadequate Internal Controls over Compliance Requirements (Repeat of Finding 16-006, 15-004, 14-003) (continued)**

**Context:**

- A. The amount of salary, benefit, and pension costs charged to the program without proper documentation represented 1.5% of the total of \$302,744 of salary, benefit, and pension costs charged to the program.
- B. The Regional Office passed through \$355,243 of program funds to subrecipients which consisted of other Regional Offices of Education.
- C. The Regional Office passed through \$355,243 of program funds to subrecipients which consisted of other Regional Offices of Education.

**Effect:**

The Regional Office was not in compliance with some requirements of this federal program.

**Cause:**

Regional Office management indicated they did not become aware of these specific documentation requirements for payroll costs and subrecipient monitoring until after fiscal year 2017 when findings were issued for the previous audit.

**Recommendation:**

The Regional Office should implement procedures to ensure all costs associated with personnel time and effort are properly documented in accordance with the Uniform Guidance. Further, the Regional Office should perform risk assessments on and obtain certifications from subrecipients as required by the Uniform Guidance.

**Management's Response:**

The Regional Office of Education #51 accepts the auditor's recommendations and will implement procedures to ensure costs associated with personnel time and effort are properly documented, and risk assessments are conducted and certifications are received from subrecipients as required by the Uniform Guidance.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

**Section III - Federal Award Findings**

**Instances of Noncompliance**

Finding 2017-003-Inadequate Internal Controls over Compliance Requirements (finding details on page 15e-15f)

**Significant Deficiencies**

Finding 2017-003-Inadequate Internal Controls over Compliance Requirements (finding details on page 15e-15f)

**Material Weaknesses**

None

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2017

**Corrective Action Plan**

**2017-001 Controls Over Financial Statement Preparation (Partial Repeat of Finding 16-001, 15-001, 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)**

**Condition:**

The Regional Office of Education #51 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During the audit of the Regional Office of Education #51's financial statements, it was noted the Regional Office's controls over the reporting of accounts receivable and accounts payable were deficient. Specifically, the following deficiencies were noted:

- Draft financial statements prepared by the Regional Office omitted recognition of a \$30,187 payroll tax liability which existed as of June 30, 2016, but was not reported in the financial statements for the year then ended. This omission necessitated an adjustment to opening equity balances in these financial statements.
- Draft financial statements prepared by the Regional Office did not report all accounts receivable balances for amounts due from other governmental units. During the audit, it was noted the Regional Office was unaware of receivable balances totaling \$17,995 that had not been collected as of July 2019. The financial statements have been adjusted to recognize these receivable balances.

**Plan:**

The Regional Office of Education #51 has implemented monitoring controls over accounts receivable balances from all revenue sources. The Regional Office of Education #51 has also implemented monitoring controls over payroll liabilities.

**Anticipated Date of Completion:**

Immediately upon learning of the oversight

**Contact Person:**

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2017

**Corrective Action Plan**

**2017-002      Delay of Audit (Repeat of Finding 16-002)**

**Condition:**

The Regional Office did not have their fiscal year 2017 financial records in auditable form and did not make their financial report available to the auditors until June 2019.

**Plan:**

The Regional Office of Education #51 will continue to work with an external accounting firm in order to get caught up on our financial statements to comply with the August 31 deadline.

**Anticipated Date of Completion:**

August 31, 2020

**Contact Person:**

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2017

**Corrective Action Plan**

**2017-003 Inadequate Internal Controls over Compliance Requirements (Repeat of Finding 16-006, 15-004, 14-003)**

**Condition:**

The following instances of noncompliance were noted during testing:

- A. The Regional Office did not have a formal written policy in place to require employees who have only a portion of their payroll costs allocated to the Title I Grants to Local Educational Agencies program complete time and effort documentation to support the distribution. We noted 2 such employees with total salary, benefit, and pension costs charged to the program in the amount of \$4,599. The Uniform Guidance (2 CFR 200.430) requires nonfederal entities to maintain support for the distribution of payroll costs among multiple activities.
- B. The Regional Office did not perform risk assessments of subrecipients as required by the Uniform Guidance (2 CFR 200.331).
- C. The Regional Office did not obtain certifications from subrecipients required by the Uniform Guidance (2 CFR 200.415(a)).

**Plan:**

The Regional Office will implement procedures to ensure that time and effort documentation is maintained for those employees who are being paid from multiple payroll sources, and risk assessments are conducted and certifications are received from subrecipients as required by the Uniform Guidance.

**Anticipated Date of Completion:**

Immediately upon learning of the oversight

**Contact Person:**

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2017

2016-003	Restricted Funds Used for Unauthorized Purpose	Corrected
	During the current audit, audit testing results indicated the Regional Office did not make any interfund loans from restricted funds.	
2016-004	Financial Records	Corrected
	During the current audit, audit testing results indicated each of the Regional Office's funds properly balanced.	
2016-005	Reconciliation of Bank Statements	Corrected
	During the current audit, audit testing results indicated the Regional Office properly reconciled all bank accounts.	

## BASIC FINANCIAL STATEMENTS

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 350,551	\$ 80,085	\$ 430,636
Investments	323,814	-	323,814
Accounts receivable	207,478	350	207,828
Due (to) from other funds	(752)	752	-
Due from other governments	754,428	4,071	758,499
Prepaid expenses	5,600	-	5,600
Total current assets	<u>1,641,119</u>	<u>85,258</u>	<u>1,726,377</u>
<b>Noncurrent assets:</b>			
Capital assets, net of depreciation	8,485	-	8,485
Total noncurrent assets	<u>8,485</u>	<u>-</u>	<u>8,485</u>
Total assets	<u>1,649,604</u>	<u>85,258</u>	<u>1,734,862</u>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pensions	<u>9,127,110</u>	<u>-</u>	<u>9,127,110</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	10,364	69	10,433
Accrued payroll liabilities	104,245	-	104,245
Due to other governments	78,490	2,782	81,272
Unearned revenue	-	1,250	1,250
Total current liabilities	<u>193,099</u>	<u>4,101</u>	<u>197,200</u>
<b>Noncurrent liabilities:</b>			
Liability for compensated absences	1,363	-	1,363
Net pension liability	8,201,591	-	8,201,591
Total noncurrent liabilities	<u>8,202,954</u>	<u>-</u>	<u>8,202,954</u>
Total liabilities	<u>8,396,053</u>	<u>4,101</u>	<u>8,400,154</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pensions	<u>4,564,558</u>	<u>-</u>	<u>4,564,558</u>
<b>Net position:</b>			
Invested in capital assets	8,485	-	8,485
Restricted - other	331,949	-	331,949
Unrestricted	(2,524,331)	81,157	(2,443,174)
Total net position	<u>\$ (2,183,897)</u>	<u>\$ 81,157</u>	<u>\$ (2,102,740)</u>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51  
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Salaries and benefits	\$ 2,696,592	\$ 51,972	\$ 2,132,178	\$ -	\$ (512,442)	\$ -	\$ (512,442)
Purchased services	740,344	14,849	599,124	-	(126,371)	-	(126,371)
Supplies and materials	19,699	2,475	7,049	-	(10,175)	-	(10,175)
Other objects	20	-	-	-	(20)	-	(20)
Payments to other governments	383,581	13,199	355,950	-	(14,432)	-	(14,432)
Depreciation	5,287	-	-	-	(5,287)	-	(5,287)
Pension expense	2,502,449	-	429,960	-	(2,072,489)	-	(2,072,489)
Administrative:							
On-behalf payments - local	300,266	-	-	-	(300,266)	-	(300,266)
On-behalf payments - state	1,536,907	-	-	-	(1,536,907)	-	(1,536,907)
Total governmental activities	<u>8,185,145</u>	<u>82,495</u>	<u>3,524,261</u>	<u>-</u>	<u>(4,578,389)</u>	<u>-</u>	<u>(4,578,389)</u>
Business-type activities:							
Charges for services	54,449	59,872	-	-	-	5,423	5,423
Total business-type activities	<u>54,449</u>	<u>59,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,423</u>	<u>5,423</u>
Total primary government	<u>\$ 8,239,594</u>	<u>\$ 142,367</u>	<u>\$ 3,524,261</u>	<u>\$ -</u>	<u>(4,578,389)</u>	<u>5,423</u>	<u>(4,572,966)</u>
General revenues:							
Local sources					340,211	-	340,211
State sources					449,236	-	449,236
On-behalf payments - local					300,266	-	300,266
On-behalf payments - state					1,536,907	-	1,536,907
Investment earnings					17,616	-	17,616
Net decrease in the fair value of investments					(14,760)	-	(14,760)
Total general revenues					<u>2,629,476</u>	<u>-</u>	<u>2,629,476</u>
Change in net position					(1,948,913)	5,423	(1,943,490)
Net position - beginning, as restated, see Note 16					(234,984)	75,734	(159,250)
Net position - ending					<u>\$ (2,183,897)</u>	<u>\$ 81,157</u>	<u>\$ (2,102,740)</u>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Education Fund	Institute	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,368	\$ 18,669	\$ 314,120	\$ 16,394	\$ -	\$ 350,551
Investments	323,814	-	-	-	-	323,814
Accounts receivable	15,728	189,522	-	2,228	-	207,478
Due from other funds	873,587	-	-	-	(873,587)	-
Due from other governments	54,197	700,181	-	50	-	754,428
Prepaid expenses	-	5,600	-	-	-	5,600
Total assets	<u>1,268,694</u>	<u>913,972</u>	<u>314,120</u>	<u>18,672</u>	<u>(873,587)</u>	<u>1,641,871</u>
Deferred outflows of resources:						
None	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 1,268,694</u>	<u>\$ 913,972</u>	<u>\$ 314,120</u>	<u>\$ 18,672</u>	<u>\$ (873,587)</u>	<u>\$ 1,641,871</u>
<b>Liabilities:</b>						
Accounts payable	\$ 7,832	\$ 2,388	\$ -	\$ 144	\$ -	\$ 10,364
Accrued payroll and employee benefits	60,549	43,696	-	-	-	104,245
Due to other funds	82,838	772,276	-	19,225	(873,587)	752
Due to other governments	1,404	76,914	99	73	-	78,490
Total liabilities	<u>152,623</u>	<u>895,274</u>	<u>99</u>	<u>19,442</u>	<u>(873,587)</u>	<u>193,851</u>
Deferred inflows of resources:						
Unavailable revenue	29,574	245,779	-	110	-	275,463
<b>Fund balance (deficit):</b>						
Nonspendable	-	5,600	-	-	-	5,600
Restricted	-	18,521	314,021	17,572	-	350,114
Assigned	259,391	-	-	-	-	259,391
Unassigned	827,106	(251,202)	-	(18,452)	-	557,452
Total fund balance (deficit)	<u>1,086,497</u>	<u>(227,081)</u>	<u>314,021</u>	<u>(880)</u>	<u>-</u>	<u>1,172,557</u>
<b>Total liabilities, deferred inflows of resources, and fund balance (deficit)</b>	<u>\$ 1,268,694</u>	<u>\$ 913,972</u>	<u>\$ 314,120</u>	<u>\$ 18,672</u>	<u>\$ (873,587)</u>	<u>\$ 1,641,871</u>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

June 30, 2017

Total fund balances - governmental funds		\$ 1,172,557
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred inflows in the governmental funds.		275,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,485
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:		
IMRF deferred outflows of resources	\$ 47,682	
IMRF deferred inflows of resources	(211,440)	
TRS deferred outflows of resources	9,079,428	
TRS deferred inflows of resources	<u>(4,353,118)</u>	4,562,552
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Liability for compensated absences	(1,363)	
IMRF net pension liability	(173,382)	
TRS net pension liability	<u>(8,028,209)</u>	<u>(8,202,954)</u>
Net position of governmental activities		<u><u>\$ (2,183,897)</u></u>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	General Fund	Education Fund	Institute	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 328,890	\$ -	\$ 59,215	\$ 21,132	\$ -	\$ 409,237
State sources	447,544	2,295,434	-	137,748	-	2,880,726
Federal sources	-	989,997	-	-	-	989,997
On-behalf payments - local	300,266	-	-	-	-	300,266
On-behalf payments - state	296,959	-	-	-	-	296,959
Interest income	17,270	-	346	-	-	17,616
Net decrease in fair value of investments	(14,760)	-	-	-	-	(14,760)
<b>Total revenues</b>	<b>1,376,169</b>	<b>3,285,431</b>	<b>59,561</b>	<b>158,880</b>	<b>-</b>	<b>4,880,041</b>
<b>Expenditures:</b>						
Instructional services:						
Salaries and benefits	499,970	2,144,067	27,829	25,691	-	2,697,557
Purchased services	127,672	596,654	12,046	3,972	-	740,344
Supplies and materials	8,575	8,318	375	2,431	-	19,699
Other objects	-	-	-	20	-	20
Payments to other governments	12,270	357,795	13,516	-	-	383,581
On-behalf payments - local	300,266	-	-	-	-	300,266
On-behalf payments - state	296,959	-	-	-	-	296,959
Pension expense (benefit)	(6,580)	431,147	980	-	-	425,547
<b>Total expenditures</b>	<b>1,239,132</b>	<b>3,537,981</b>	<b>54,746</b>	<b>32,114</b>	<b>-</b>	<b>4,863,973</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>137,037</b>	<b>(252,550)</b>	<b>4,815</b>	<b>126,766</b>	<b>-</b>	<b>16,068</b>
<b>Other financing sources (uses):</b>						
Transfers in	8,633	12,250	-	2,070	(22,953)	-
Transfers out	(22,950)	(3)	-	-	22,953	-
<b>Total other financing sources (uses)</b>	<b>(14,317)</b>	<b>12,247</b>	<b>-</b>	<b>2,070</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>122,720</b>	<b>(240,303)</b>	<b>4,815</b>	<b>128,836</b>	<b>-</b>	<b>16,068</b>
<b>Fund balances (deficit) - beginning, as restated, see Note 16</b>	<b>963,777</b>	<b>13,222</b>	<b>309,206</b>	<b>(129,716)</b>	<b>-</b>	<b>1,156,489</b>
<b>Fund balances (deficit) - ending</b>	<b>\$ 1,086,497</b>	<b>\$ (227,081)</b>	<b>\$ 314,021</b>	<b>\$ (880)</b>	<b>\$ -</b>	<b>\$ 1,172,557</b>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

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, 2017

Net change in fund balances		\$ 16,068
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Prior year unavailable revenue		
Local Sources	\$ (16,215)	
State Sources	(143,005)	
Current year unavailable revenue		
Local Sources	29,684	
State Sources	165,832	
Federal Sources	<u>79,947</u>	116,243

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.

Depreciation		(5,287)
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Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Decrease in liability for compensated absences	965	
Net pension expense	<u>(2,076,902)</u>	<u>(2,075,937)</u>

Change in net position of governmental activities		<u><u>\$ (1,948,913)</u></u>
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The notes to the financial statements are an integral part of this statement.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2017

	Business-type Activities Enterprise Funds	
	Nonmajor Enterprise Funds	Total
Assets:		
Currents assets:		
Cash and cash equivalents	\$ 80,085	\$ 80,085
Accounts receivable	350	350
Due from other funds	752	752
Due from other governments	4,071	4,071
Total current assets	85,258	85,258
Deferred outflows of resources:		
None	-	-
Liabilities:		
Current liabilities:		
Accounts payable	69	69
Due to other governments	2,782	2,782
Unearned revenue	1,250	1,250
Total current liabilities	4,101	4,101
Deferred inflows of resources:		
None	-	-
Net position:		
Unrestricted	81,157	81,157
Total net position	\$ 81,157	\$ 81,157

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	Business-type Activities Proprietary Funds	
	Nonmajor Enterprise Funds	Total
Operating revenues:		
Charges for services	\$ 59,872	\$ 59,872
Total operating revenues	59,872	59,872
Operating expenses:		
Salaries and benefits	17,154	17,154
Purchased services	35,523	35,523
Supplies and materials	1,137	1,137
Payments to other governments	500	500
Other objects	135	135
Total operating expenses	54,449	54,449
Change in net position	5,423	5,423
Net position - beginning	75,734	75,734
Net position - ending	\$ 81,157	\$ 81,157

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	Business-type Activities Proprietary Funds	
	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:		
Receipts from customers	\$ 62,375	\$ 62,375
Payments to suppliers and providers of goods and services	(37,809)	(37,809)
Payments to employees	(17,154)	(17,154)
Net cash provided by (used for) operating activities	7,412	7,412
Cash flows from noncapital financing activities:		
Decrease in interfund borrowing, net	72,673	72,673
Net cash provided by (used for) noncapital financing activities	72,673	72,673
Net increase (decrease) in cash and cash equivalents	80,085	80,085
Cash and cash equivalents - beginning	-	-
Cash and cash equivalents - ending	\$ 80,085	\$ 80,085
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating Income	\$ 5,423	\$ 5,423
Adjustments to reconcile operating income to net cash (used for) provided by operating activities:		
(Increase) Decrease in accounts receivable	(280)	(280)
(Increase) Decrease in due from other governments	1,533	1,533
Increase (Decrease) in accounts payable	(3,296)	(3,296)
Increase (Decrease) in due to other governments	2,782	2,782
Increase (Decrease) in unearned revenue	1,250	1,250
Net cash provided by (used for) operating activities	\$ 7,412	\$ 7,412

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 180,091
Total assets	<u>\$ 180,091</u>
Liabilities:	
Due to other governments	\$ 180,091
Total liabilities	<u>\$ 180,091</u>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sangamon-Menard Counties Regional Office of Education #51 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #51 is presented to assist in understanding the Regional Office of Education #51's financial statements. The financial statements and notes are representations of the Regional Office of Education #51's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office of Education #51 operates under the School Code (Articles 5/3 and 5/3A of Illinois Compiled Statutes, Chapter 105). The Regional Office of Education #51 encompasses Sangamon and Menard Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #51 and is elected pursuant to Article 3, Illinois Compiled Statutes, Chapter 105.

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #51's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and carrying out other related duties required or permitted by law.

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 under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in Sangamon and Menard counties, or see 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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2017, the Regional Office of Education #51 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 #51. Such activities are reported as a single special revenue fund (Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #51 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #51 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #51, 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 #51 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #51 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #51 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #51 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2017, Regional Office of Education #51 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB No. 77, *Tax Abatements*; GASB No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*; GASB No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*; and GASB No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Regional Office of Education #51 implemented these standards during the current year; however, they had no significant impact on the financial statements.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #51's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #51 has two business-type activities that rely on fees and charges for support.

The Regional Office of Education #51's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #51 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #51'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 for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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 proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and as transfers in and out on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between business-type 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.

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

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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

PROPRIETARY FUND FINANCIAL STATEMENTS (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources 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 are reported as non-operating expenses.

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 on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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 and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #51; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #51 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 the Regional Office of Education #51's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education #51's policy to first apply restricted funds, then unrestricted. For unrestricted fund balances, committed funds are used first, then assigned funds, then unassigned if any.

FUND ACCOUNTING

The Regional Office of Education #51 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #51 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds 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 plus deferred outflows of resources, and liabilities plus deferred inflows of resources is reported as a fund balance.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 plus deferred outflows of resources, liabilities plus 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 plus deferred outflows of resources, liabilities plus 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 #51 has presented all major funds that met the above qualifications.

The Regional Office of Education #51 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #51. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. General Funds include the following:

Local – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education (ISBE), the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Staff Development Center (SDC) not funded through State or county dollars.

Administrative Discretionary – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Regional Office not funded through State or county dollars.

Continuum of Learning – The Regional Office of Education has contracted with Springfield Community Federation in an effort to ascertain how many children are entering the public school system. This information will then be used to help individuals determine donation arrangements.

General State Aid – Truants Alternative Optional Education Program – This fund accounts for General State Aid used for the general operations of the Truants Alternative Optional Education Program.

General State Aid – Regional Safe Schools – This fund accounts for General State Aid used for the general operations of the Regional Safe Schools program.

WestEd – This fund accounts for activity per an educational services agreement between the Regional Office of Education #51 and WestEd. Within this agreement, the Regional Office of Education #51 provides support to teachers and local coaches in the implementation of KIDStech.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

GOVERNMENTAL FUNDS (Continued)

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

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

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion. The activities provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Area III – Homeless Liaison Project – This grant provides funds for providing information to schools, community members, and government entities about the educational rights of homeless students.

Sangamon County Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of the student in the pursuit of their educational development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.

State and Federal School Breakfast and Lunch – This program is designed to provide breakfast and lunch free or at reduced prices to eligible students, as determined in accordance with federal and State guidelines, as a healthy start to the school day to enhance the student's learning abilities. All meals provided must meet U.S. Department of Agriculture requirements for servings and nutrition.

ISBE Special Initiatives Program – This program contracts with ISBE to provide consultant support for the communication of activities regarding the implementation of common core based assessment; and, the collaboration with interested stakeholders in developing year end items, test forms, and associated test construction materials.

Race to the Top – This program provides staff support to help achieve the goal of supporting lead districts that build the systems and processes needed to accelerate and sustain improved student outcomes and build capacity to extend these initiatives Statewide.

Title I – School Improvement and Accountability – This program provides professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students have not made adequate yearly progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

GOVERNMENTAL FUNDS (Continued)

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

Principal Preparation and Evaluation – This program is designed to assist with principal programs and the approval process of such, provide assistance and support services to Division personnel including technical support and training, and work with other ISBE personnel on educator preparation matters.

Reading Initiative – This fund provides for consultant support for initiatives necessitated by the ARRA and the No Child Left Behind Act. The consultants read and evaluate the quality of NCLB and ARRA applications for approval or create review checklist(s) for needed initial application and amendments; provide technical assistance to Illinois schools through written and verbal communication relating to NCLB and ARRA applications; enforce Title I and State accountability requirements and review federal and State fiscal and programmatic documentation to determine implications for schools and districts.

ROE/ISC Operations – These funds are provided by the ISBE through a budget application process to Regional Offices to provide staff development to district schools and teachers. The Staff Development Center offers Administrator Academy activities, School Improvement initiatives, and staff development opportunities in the areas of reading, math, science, and technology. Monies are used for overhead costs and salaries of employees at the Staff Development Center.

American Institute of Research (AIR) – This funding is received from a subcontract with AIR, to provide school improvement services via the Center for School improvement in connection with the Title I program.

Pilot Regional Safe School Cooperative Education Program – This program is used to account for grant monies received for, and payment of expenditures related to providing suspended or expelled youth at the Regional Safe School with alternative cooperative education including classroom work and experience in the private sector.

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

Institute Fund – The Teacher Institute Fund accounts for teacher license fees. 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 teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

GOVERNMENTAL FUNDS (Continued)

The Regional Office of Education #51 reports the following nonmajor special revenue funds:

General Education Development (GED) Certificate – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given at Lanphier High School once a month. Testing fees provide for testing materials and staff salaries.

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

Cook County General Education Development – The Regional Office acts as the fiscal agent for the General Education Development testing program for the Cook County area. The Regional Office maintains an office and support staff in the Cook County area.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #51 on a cost reimbursement basis are reported. 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.

Staff Development Center Workshop Fund – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators in Menard and Sangamon Counties.

Background Checks – The Regional Office of Education provides background checks/ fingerprinting to all schools in Menard and Sangamon Counties for new hires. The schools send requests to the Regional Office of Education, who forwards background check information to the Illinois State Police database. The fee for the background check and/or fingerprinting is paid by each school district.

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education #51 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Illinois Education and Technology Conference – The Regional Office acts as the fiscal agent for this annual conference, which provides an opportunity to discover how educators can be an active part of the information revolution. Funding is derived from registration fees, vendor fees, and sponsorship fees.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

FIDUCIARY FUNDS (Continued)

Sangamon County Schoolmasters – The Schoolmasters is an organization of all Sangamon County superintendents and school directors. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Sangamon County Learning Academy – This is a self-supporting account that provides services for students at the Sangamon County Learning Academy. Funds are derived from lunch money and registration fees.

Those Who Excel – The ROE acts as the fiscal agent for the annual Teacher of the Year banquet hosted by the Illinois State Board of Education.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a Governmental Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Regional Office of Education #51 considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Regional Office of Education #51 considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Regional Superintendent has provided otherwise in its commitment or assignment actions.

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 fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. Race to the Top has a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions. The following accounts’ fund balances are restricted by grant agreements or contracts: State and Federal School Breakfast and Lunch and Principal Preparation and Evaluation. The following funds are restricted by Illinois Statute: Institute and Bus Driver Training.

Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #51 has no committed fund balances.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

GOVERNMENTAL FUND BALANCES (Continued)

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: General State Aid – Truants Alternative Optional Education Program and General State Aid – Regional Safe Schools.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Local and Administrative Discretionary. The Regional Safe Schools, Sangamon County Truants Alternative Optional Education Program, Race to the Top, Title I - School Improvement and Accountability, Reading Initiative, and Pilot Regional Safe School Cooperative Education Program accounts reported in the Education Fund account have unassigned fund balances. The General Education Development Certificate fund reported with the nonmajor special revenue funds has an unassigned fund balance.

NET POSITION

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

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

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

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

CASH AND CASH EQUIVALENTS

The Sangamon County Regional Office of Education #51’s cash and cash equivalents are considered to be demand deposits and short-term investments (investments with a maturity date of three months or less). All interest income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures, and Changes in Fund Balance.

INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Office Equipment and Furniture	5-10 years
Computer Equipment	3-10 years
Other Equipment	5-20 years

COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. For the year ended June 30, 2017, the liability for unused vacation days was \$1,363, which represents a decrease of \$965 from the balance reported at June 30, 2016, and is shown on the Statement of Net Position.

Employees receive up to 12 sick days annually, and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

BUDGET DATA

The Regional Office of Education #51 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Area III – Homeless Liaison Project, Sangamon County Truants Alternative Optional Education Program, Title I – School Improvement and Accountability, Title II – Teacher Quality – Leadership, ROE/ISC Operations, Pilot Regional Safe School Cooperative Education Program, and Title II – Teacher Quality.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

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

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

USE OF ESTIMATES

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

**2 CASH**

The Regional Office of Education #51 does not have a formal investment policy. The Regional Office of Education #51 is allowed to invest in securities as authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7.

DEPOSITS

At June 30, 2017, the carrying amount of the Regional Office of Education #51's government-wide and Agency fund deposits were \$430,636 and \$180,091, respectively, and the bank balances were \$469,300 and \$180,091, respectively. Of the total bank balances as of June 30, 2017, \$251,000 was insured by Federal Depository Insurance Corporation, \$76,777 was invested in the Illinois Funds Money Market Fund, and \$321,614 was secured by a letter of credit.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**2 CASH (Continued)**

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #51's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #51'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 #51.

INVESTMENTS

The Regional Office of Education #51's policy is to invest solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As noted above, the Regional Office of Education #51 had \$76,777 invested in the Illinois Funds Money Market Fund at June 30, 2017. This amount is included in the cash and cash equivalents reported in the financial statements. The Regional Office of Education #51 also had investments with a carrying value of \$323,814 invested in money market funds, U.S. agency obligations, and municipal bonds with a local financial institution. This amount is reported as investments in the financial statements.

As of June 30, 2017, the Regional Office of Education #51 had the following investments with the following maturities. The Regional Office of Education #51 categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation methods used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical assets in active markets that the Regional Office can access. Level 2 inputs are observable prices, either directly or indirectly, for an asset. Level 3 inputs are unobservable inputs for an asset.

During fiscal year 2017, there were no changes in valuation techniques that would have a significant impact on the results. For each of the following investments, level 2 inputs were used to determine fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Year of Maturity</u>
U.S. Agency Obligations	\$ 52,685	2038
Municipal Bond Obligations	15,433	2019
Municipal Bond Obligations	51,450	2020
Municipal Bond Obligations	20,106	2020
Municipal Bond Obligations	5,109	2023
Municipal Bond Obligations	37,237	2023
Municipal Bond Obligations	26,335	2023
Municipal Bond Obligations	20,033	2023
Municipal Bond Obligations	56,747	2025
	285,135	
Money Market Funds	38,679	
Total Investments	\$ 323,814	

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**2 CASH (Continued)**

CREDIT RISK

At June 30, 2017, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

The following table presents the quality ratings of debt securities held by the Regional Office of Education #51 as of June 30, 2017.

<u>Investment Type</u>	<u>Standard &amp; Poors</u>	<u>Fair Value</u>
Municipal Bond Obligations	AA	\$ 232,450
U.S. Agency Obligations	Not Rated	<u>52,685</u>
Total Debt Securities		<u>\$ 285,135</u>

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

The Regional Office of Education #51 does not have a policy limiting investment maturities as a means of managing interest rate risk for its investments with a local financial institution.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND**

IMRF PLAN DESCRIPTION

The Regional Office of Education #51'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 #51'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 note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

BENEFITS PROVIDED

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

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

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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2016, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	30
Inactive Plan Members entitled to but not yet receiving benefits	32
Active Plan Members	<u>6</u>
Total	<u><u>68</u></u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education #51'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 #51's annual contribution rate for calendar year 2016 was 8.61%. For the calendar year ended December 31, 2016, the Regional Office of Education #51 contributed \$23,673 to the plan. The Regional Office of Education #51 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 #51's net pension liability was measured as of December 31, 2016. 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, 2016:

- 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 2.75%.
- **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 pursuant to an experience study from years 2011 to 2013.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

ACTUARIAL ASSUMPTIONS (Continued)

- 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 2012). 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 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
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:

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

SINGLE DISCOUNT RATE (Continued)

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 3.78%, and the resulting single discount rate is 7.50%.

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2015	\$ 1,576,698	\$ 1,308,279	\$ 268,419
Changes for the year:			
Service Cost	50,407	-	50,407
Interest on the Total Pension Liability	116,596	-	116,596
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	328,781	-	328,781
Changes of Assumptions	(3,710)	-	(3,710)
Contributions - Employer	-	23,673	(23,673)
Contributions - Employees	-	7,888	(7,888)
Net Investment Income	-	564,534	(564,534)
Benefit Payments, including Refunds of Employee Contributions	(93,043)	(93,043)	-
Other (Net Transfer)	-	(8,984)	8,984
Net Changes	399,031	494,068	(95,037)
Balances at December 31, 2016	\$ 1,975,729	\$ 1,802,347	\$ 173,382

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

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	\$ 378,002	\$ 173,382	\$ 4,677

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2017, the Regional Office of Education #51 recognized pension expense of \$472,832. At June 30, 2017, the Regional Office of Education #51 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
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ 15,587	\$ 156,426
Changes of assumptions	17,084	-
Net difference between projected and actual earnings on pension plan investments	-	55,014
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	32,671	211,440
<i>Pension contributions made subsequent to the measurement date</i>		
	15,011	-
Total Deferred Amounts Related to Pensions	\$ 47,682	\$ 211,440

\$15,011 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2018.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

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 Inflows of Resources
2017	\$ (11,194)
2018	(15,735)
2019	(36,047)
2020	(115,793)
Thereafter	-
Total	<u>\$ (178,769)</u>

**4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

The Regional Office of Education #51 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://trsil.org/financials/cafrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

**BENEFITS PROVIDED**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system 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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

BENEFITS PROVIDED (Continued)

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #51.

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #51. For the year ended June 30, 2017, the State of Illinois contributions recognized by the Regional Office of Education #51 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education #51, and the Regional Office of Education #51 recognized revenue and expenditures of \$1,239,948 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 ending June 30, 2017 were \$9,583 and are deferred because they were paid after the June 30, 2016 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 #51, there is a statutory requirement for the Regional Office of Education #51 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 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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS (Continued)

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$1,040,763 were paid from federal and special trust funds that required employer contributions of \$400,953. These contributions are deferred because they were paid after the June 30, 2016 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 #51 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 program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education #51 paid no employer contributions under the ERO program for retirements that occurred before July 1, 2016.

The Regional Office of Education #51 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, 2017, the Regional Office of Education #51 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 annual allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2017, the Regional Office of Education #51 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$ 8,028,209
State's proportionate share of the net pension liability associated with the employer	12,625,984
	<u>\$ 20,654,193</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education #51'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, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education #51's proportion was 0.0101705231 percent, which was an increase of 0.0020327284 percent from its proportion measured as of June 30, 2015.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**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 (Continued)

For the year ended June 30, 2017, the Regional Office of Education #51 recognized pension expense of \$1,239,948 and revenue of \$1,239,948 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education #51 recognized pension expense of \$2,029,617. At June 30, 2017, the Regional Office of Education #51 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,362	\$ 5,445
Net difference between projected and actual earnings on pension plan investments	226,811	-
Changes of assumptions	689,503	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	7,693,216	4,347,673
Employer contributions subsequent to the measurement date	410,536	-
	\$ 9,079,428	\$ 4,353,118

\$410,536 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #51 as a reduction of their net pension liabilities in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year ended June 30:	
2018	\$ 1,459,901
2019	1,459,901
2020	820,198
2021	488,140
2022	87,634
	\$ 4,315,774

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50 percent
Salary increases:	varies by amount of service credit
Investment rate of return:	7.00 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.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.00 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bond core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	<u>100%</u>	

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)**

DISCOUNT RATE

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent which was a change from the June 30, 2015 rate of 7.47 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, 2016, was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefits 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, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #51'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #51's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the Regional Office of Education #51's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$ 9,818,825	\$ 8,028,209	\$ 6,565,750

TRS FIDUCIARY NET POSITION

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued *TRS Comprehensive Annual Financial Report*.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**5 TEACHERS' HEALTH INSURANCE SECURITY FUND**

The Regional Office of Education #51 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

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

ON BEHALF CONTRIBUTIONS TO THE THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #51. State contributions are intended to match contributions to THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$18,283, and Regional Office of Education #51 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2016 and June 30, 2015, were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #51 employees were \$16,974 and \$14,650, respectively.

EMPLOYER CONTRIBUTIONS TO THE THIS FUND

The Regional Office of Education #51 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the Regional Office of Education #51 paid \$13,712 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2016 and June 30, 2015, the Regional Office of Education #51 paid \$12,691 and \$10,916, respectively, which was 100 percent of the required contribution.

FURTHER INFORMATION ON THE THIS FUND

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**6 OTHER POST EMPLOYMENT BENEFITS - HEALTH INSURANCE**

The Regional Office of Education #51 has evaluated its potential other post employment benefits liability. Based on this evaluation, the Regional Office of Education #51 determined that although health insurance is offered to retired employees, there has been zero percent utilization and the resulting liability for the estimated implicit subsidies provided calculated in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions*, is immaterial to the financial statements taken as a whole. Therefore, the Regional Office of Education #51 has not recorded any post employment benefit liability as of June 30, 2017.

**7 OPERATING LEASES**

The Regional Office of Education #51 leases classroom, office, and laboratory space. During fiscal year 2017, the Regional Office had three separate leases for 6,333 square feet, 2,105 square feet, and 1,900 square feet, all leased at \$7.75 per square foot. The Regional Office also leased additional classroom space in Athens, Illinois with annual rents of \$6,000 and Springfield, Illinois with six months rent totaling \$3,962. Rent expense for the year ended June 30, 2017, was \$103,870. The Regional Office also leased office space in Springfield, Illinois, for \$1,149 per month that is cancellable upon 90 days' notice. The Regional Office also leases a copier over a 60-month term ending March 2021 which requires monthly payments of \$134, a digital imaging system over a 60 month term ending November 2018 which requires monthly payments of \$179, a digital desktop mailing system leased over a 60-month term ending March 2020 which requires monthly payments of \$64, and a postage machine and maintenance contract which requires monthly payments of \$48 and \$20, respectively, with a term ending in January 2022. Total equipment lease expense for the year ended June 30, 2017, was \$5,072. Future minimum rentals are as follows for the years ending June 30:

2018	\$	5,344
2019		3,912
2020		3,004
2021		2,025
2022		476
		<hr/>
	\$	<u>14,761</u>

**8 RISK MANAGEMENT**

The Regional Office of Education #51 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 #51 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.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**9 CAPITAL ASSET ACTIVITY**

In accordance with GASB Statement No. 34, the Regional Office of Education #51 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets reported in business-type activities are capitalized when purchased. The Regional Office of Education #51's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets, Being Depreciated				
Computer equipment	\$ 98,003	\$ -	\$ -	\$ 98,003
Other equipment	42,142	-	-	42,142
Total	<u>140,145</u>	<u>-</u>	<u>-</u>	<u>140,145</u>
Less Accumulated Depreciation				
Computer equipment	(86,903)	(4,503)	-	(91,406)
Other equipment	<u>(39,470)</u>	<u>(784)</u>	-	<u>(40,254)</u>
Total	<u>(126,373)</u>	<u>(5,287)</u>	<u>-</u>	<u>(131,660)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 13,772</u>	<u>\$ (5,287)</u>	<u>\$ -</u>	<u>\$ 8,485</u>
Business-type Activities:				
Capital Assets, Being Depreciated				
Other equipment	\$ 11,912	\$ -	\$ -	\$ 11,912
Less Accumulated Depreciation				
Other equipment	<u>(11,912)</u>	<u>-</u>	<u>-</u>	<u>(11,912)</u>
Business-type Activities				
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2017 of \$5,287 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**10 INTERFUND ACTIVITY**

DUE TO/FROM OTHER FUNDS

Interfund due to / from other fund balances at June 30, 2017 consist of the following individual due to / from other funds in the governmental fund Balance Sheet and proprietary fund Statement of Net Position. 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.

	Due To Other Funds	Due From Other Funds
General Fund	\$ 82,838	\$ 873,587
Education Fund	772,276	-
Nonmajor Special Revenue Funds	19,225	-
Proprietary Funds	-	752
Total	\$ 874,339	\$ 874,339

TRANSFERS

Interfund transfers in / out to other funds at June 30, 2017 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 and to close out inactive funds.

	Transfer In	Transfer Out
General Fund	\$ 8,633	\$ 22,950
Education Fund	12,250	3
Nonmajor Special Revenue Funds	2,070	-
Total	\$ 22,953	\$ 22,953

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**11 ON-BEHALF PAYMENTS**

The State of Illinois paid the following salaries and benefits on-behalf of the Regional Office of Education #51:

State of Illinois	
Regional Superintendent Salary	\$ 112,800
Regional Superintendent Fringe Benefit (Includes State paid insurance)	35,407
Assistant Regional Superintendent Salary	101,520
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	28,949
THIS Contributions	18,283
Total	\$ 296,959

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

The Regional Office of Education #51's also recorded \$1,239,948 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 #51 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	\$ 296,959
ROE#51's share of TRS pension expense	1,239,948
	\$ 1,536,907

Sangamon County provides the Regional Office with staff and pays certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #51's behalf for the year ended June 30, 2017, were as follows:

Salaries and benefits	\$ 270,263
Purchased services	25,768
Supplies and materials	4,235
Total	\$ 300,266

**12 DUE TO/FROM OTHER GOVERNMENTS**

The Regional Office of Education #51's General Fund, Education Fund, Institute Fund, Nonmajor Special Revenue Funds, Nonmajor Proprietary Funds, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

<u>General Fund</u>	
Local Governments	\$ 54,197

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**12 DUE TO/FROM OTHER GOVERNMENTS (Continued)**

<u>Education Fund</u>	
Local Governments	\$ 173,904
Illinois State Board of Education	526,277
<u>Nonmajor Special Revenue Funds</u>	
Local Governments	50
<u>Nonmajor Proprietary Funds</u>	
Local Governments	4,071
Total	\$ 758,499

Due To Other Governments:

<u>General Fund</u>	
Local Governments	\$ 1,404
<u>Education Fund</u>	
Local Governments	76,914
<u>Institute Fund</u>	
Local Governments	99
<u>Nonmajor Special Revenue Funds</u>	
Local Governments	73
<u>Nonmajor Proprietary Funds</u>	
Local Governments	28
Illinois State Police	2,754
<u>Agency Funds</u>	
Local Governments	180,091
Total	\$ 261,363

**13 LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2017 are summarized below. Of the ending balances, no amounts were due within one year.

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year
Governmental Activities:				
Compensated absences	\$ 2,328	\$ -	\$ 965	\$ 1,363
Net pension liability	5,599,494	2,602,097	-	8,201,591
Total	\$ 5,601,822	\$ 2,602,097	\$ 965	\$ 8,202,954

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2017

**14 DEFICIT FUND BALANCE**

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 overexpend appropriations during the year are required to be disclosed.

The following funds/fund accounts had deficit fund balances at June 30, 2017:

<u>General Fund</u>	
Local	\$ 26,357
<u>Education Fund</u>	
Regional Safe Schools	59,407
Sangamon County Truants Alternative Optional Education Program	92,340
Title I – School Improvement and Accountability	79,947
Reading Initiative	6,949
Pilot Regional Safe School Cooperative Education Program	6,959
<u>Nonmajor Special Revenue Funds</u>	
General Education Development Certificate	18,452

**15 PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ended June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a liability for the government's other postemployment benefits.

**16 PRIOR PERIOD ADJUSTMENT**

During tax years 2014 and 2015, the Regional Office of Education made errors reporting payroll taxes to taxing authorities which resulted in a payroll tax liability of \$30,187 as of June 30, 2016. However, the liability was not recorded for the year then ended. Accordingly, beginning equity balances have been restated as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Fund balance/net position - beginning	\$ 993,964	\$ (204,797)
Due to other governments	(30,187)	(30,187)
Fund balance/net position - beginning, as restated	<u>\$ 963,777</u>	<u>\$ (234,984)</u>

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
Teacher's Retirement System of the State of Illinois  
For the Year Ended June 30,

	2016*	2015*	2014*
Employer's proportion of the net pension liability	0.0101705231%	0.0081377947%	0.0066172458%
Employer's proportionate share of the net pension liability	\$ 8,028,209	\$ 5,331,075	\$ 4,027,141
State's proportionate share of the net pension liability associated with the employer	12,625,984	9,546,787	6,221,007
Total	\$ 20,654,193	\$ 14,877,862	\$ 10,248,148
Employer's covered payroll	\$ 1,759,664	\$ 1,647,690	\$ 1,739,445
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	456.2%	323.5%	231.5%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Teacher's Retirement System of the State of Illinois  
For the Year Ended June 30,

	2017	2016	2015	2014
Statutorily-required contribution	\$ 410,578	\$ 396,120	\$ 282,344	\$ 237,194
Contributions in relation to the statutorily-required contribution	410,536	398,107	284,634	233,941
Contribution deficiency (excess)	\$ 42	\$ (1,987)	\$ (2,290)	\$ 3,253
Employer's covered payroll	\$ 1,632,415	\$ 1,759,664	\$ 1,647,690	\$ 1,739,445
Contributions as a percentage of covered payroll	25.1%	22.6%	17.3%	13.4%

Notes to Required Supplementary Information

Changes of assumptions

For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. However, salary increases were assumed to vary by age.

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 34,650	\$ 23,673	\$ 10,977	\$ 275,001	8.61%
2015	48,396	48,396	-	434,836	11.13%
2014	36,475	38,773	(2,298)	370,682	10.46%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 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 2016 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>	27-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates 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 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Morality 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.

Other Information:

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two year lag between valuation and rate setting.

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

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 50,407	\$ 52,561	\$ 49,322
Interest on the Total Pension Liability	116,596	131,594	87,963
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	328,781	(308,537)	42,222
Changes of Assumptions	(3,710)	860	46,271
Benefit Payments, including Refunds of Employee Contributions	(93,043)	(53,160)	(20,296)
Net Change in Total Pension Liability	399,031	(176,682)	205,482
Total Pension Liability - Beginning (Restated - see note below)	1,576,698	1,753,380	1,158,211
Total Pension Liability - Ending (A)	<u>\$ 1,975,729</u>	<u>\$ 1,576,698</u>	<u>\$ 1,363,693</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 23,673	\$ 55,659	\$ 38,773
Contributions - Employees	7,888	20,859	16,681
Net Investment Income	564,534	(373,570)	56,764
Benefit Payments, including Refunds of Employee Contributions	(93,043)	(53,160)	(20,296)
Other (Net Transfer)	(8,984)	52,565	(749)
Net Change in Plan Fiduciary Net Position	494,068	(297,647)	91,173
Plan Fiduciary Net Position - Beginning (Restated - see note below)	1,308,279	1,605,926	1,149,379
Plan Fiduciary Net Position - Ending (B)	<u>\$ 1,802,347</u>	<u>\$ 1,308,279</u>	<u>\$ 1,240,552</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 173,382</u>	<u>\$ 268,419</u>	<u>\$ 123,141</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.22%	82.98%	90.97%
Covered Payroll	\$ 275,001	\$ 434,836	\$ 370,682
Net Pension Liability as a Percentage of Covered Payroll	63.05%	61.73%	33.22%

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.

Effective July 1, 2015, Sangamon County Regional Office of Education #51 consolidated Menard County which was formerly included in the Logan/Mason/Menard Counties Regional Office of Education #38. As a result of the consolidation, pension liability - beginning and plan fiduciary net position - beginning for calendar year 2015 increased by \$389,687 and \$365,374, respectively.

SUPPLEMENTARY INFORMATION

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND

June 30, 2017

	Local	Administrative Discretionary	Continuum of Learning	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	WestEd	Total
<b>Assets:</b>							
Cash and cash equivalents	\$ -	\$ 1,368	\$ -	\$ -	\$ -	\$ -	\$ 1,368
Investments	-	107,938	-	107,938	107,938	-	323,814
Accounts receivable	-	14,214	-	-	-	1,514	15,728
Due from other funds	-	719,663	-	153,924	-	-	873,587
Due from other governments	11,151	39,213	-	1,479	2,354	-	54,197
<b>Total assets</b>	<b>11,151</b>	<b>882,396</b>	<b>-</b>	<b>263,341</b>	<b>110,292</b>	<b>1,514</b>	<b>1,268,694</b>
<b>Deferred outflows of resources:</b>							
None	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 11,151</b>	<b>\$ 882,396</b>	<b>\$ -</b>	<b>\$ 263,341</b>	<b>\$ 110,292</b>	<b>\$ 1,514</b>	<b>\$ 1,268,694</b>
<b>Liabilities:</b>							
Accounts payable	\$ 772	\$ 6,055	\$ -	\$ 300	\$ 705	\$ -	\$ 7,832
Accrued payroll and employee benefits	-	-	-	37,545	23,004	-	60,549
Due to other funds	33,505	-	-	-	47,819	1,514	82,838
Due to other governments	-	368	-	559	477	-	1,404
<b>Total liabilities</b>	<b>34,277</b>	<b>6,423</b>	<b>-</b>	<b>38,404</b>	<b>72,005</b>	<b>1,514</b>	<b>152,623</b>
<b>Deferred inflows of resources:</b>							
Unavailable revenue	3,231	22,510	-	1,479	2,354	-	29,574
<b>Fund balance (deficit):</b>							
Assigned	-	-	-	223,458	35,933	-	259,391
Unassigned	(26,357)	853,463	-	-	-	-	827,106
<b>Total fund balance (deficit)</b>	<b>(26,357)</b>	<b>853,463</b>	<b>-</b>	<b>223,458</b>	<b>35,933</b>	<b>-</b>	<b>1,086,497</b>
<b>Total liabilities, deferred inflows of resources, and fund balance (deficit)</b>	<b>\$ 11,151</b>	<b>\$ 882,396</b>	<b>\$ -</b>	<b>\$ 263,341</b>	<b>\$ 110,292</b>	<b>\$ 1,514</b>	<b>\$ 1,268,694</b>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2017

	Local	Administrative Discretionary	Continuum of Learning	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	WestEd	Total
<b>Revenues:</b>							
Local sources	\$ 18,490	\$ 303,026	\$ -	\$ 5,785	\$ 75	\$ 1,514	\$ 328,890
State sources	-	-	-	315,618	131,926	-	447,544
On-behalf payments - local	300,266	-	-	-	-	-	300,266
On-behalf payments - state	296,959	-	-	-	-	-	296,959
Interest income	3	6,864	-	5,215	5,188	-	17,270
Net decrease in fair value of investments	-	(4,920)	-	(4,920)	(4,920)	-	(14,760)
<b>Total revenues</b>	<b>615,718</b>	<b>304,970</b>	<b>-</b>	<b>321,698</b>	<b>132,269</b>	<b>1,514</b>	<b>1,376,169</b>
<b>Expenditures:</b>							
Salaries and benefits	-	53,685	-	257,913	188,372	-	499,970
Purchased services	26,193	28,991	-	22,183	48,791	1,514	127,672
Supplies and materials	99	4,057	-	3,944	475	-	8,575
Payments to other governments	-	-	-	12,270	-	-	12,270
On-behalf payments - local	300,266	-	-	-	-	-	300,266
On-behalf payments - state	296,959	-	-	-	-	-	296,959
Pension expense (benefit)	-	(9,828)	-	2,304	944	-	(6,580)
<b>Total expenditures</b>	<b>623,517</b>	<b>76,905</b>	<b>-</b>	<b>298,614</b>	<b>238,582</b>	<b>1,514</b>	<b>1,239,132</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,799)</b>	<b>228,065</b>	<b>-</b>	<b>23,084</b>	<b>(106,313)</b>	<b>-</b>	<b>137,037</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	8,633	-	-	-	-	8,633
Transfers out	-	(8,768)	(8,631)	(2,177)	(3,374)	-	(22,950)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(135)</b>	<b>(8,631)</b>	<b>(2,177)</b>	<b>(3,374)</b>	<b>-</b>	<b>(14,317)</b>
<b>Net change in fund balance (deficit)</b>	<b>(7,799)</b>	<b>227,930</b>	<b>(8,631)</b>	<b>20,907</b>	<b>(109,687)</b>	<b>-</b>	<b>122,720</b>
<b>Fund balance (deficit) - beginning, as restated, see Note 16</b>	<b>(18,558)</b>	<b>625,533</b>	<b>8,631</b>	<b>202,551</b>	<b>145,620</b>	<b>-</b>	<b>963,777</b>
<b>Fund balance (deficit) - ending</b>	<b>\$ (26,357)</b>	<b>\$ 853,463</b>	<b>\$ -</b>	<b>\$ 223,458</b>	<b>\$ 35,933</b>	<b>\$ -</b>	<b>\$ 1,086,497</b>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND

June 30, 2017

	Regional Safe Schools	Area III – Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	State and Federal School Breakfast and Lunch	ISBE Special Initiatives Program
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 14,619	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	89,107	7,159	184,686	195	113,398
Prepaid expenses	-	-	-	-	-
Total assets	<u>89,107</u>	<u>7,159</u>	<u>184,686</u>	<u>14,814</u>	<u>113,398</u>
<b>Deferred outflows of resources:</b>					
None	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 89,107</u>	<u>\$ 7,159</u>	<u>\$ 184,686</u>	<u>\$ 14,814</u>	<u>\$ 113,398</u>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	11,804	3,717	21,178	-	-
Due to other funds	77,303	3,329	163,508	-	113,340
Due to other governments	-	113	-	-	58
Total liabilities	<u>89,107</u>	<u>7,159</u>	<u>184,686</u>	<u>-</u>	<u>113,398</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	59,407	-	92,340	177	-
<b>Fund balance (deficit):</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	14,637	-
Unassigned	(59,407)	-	(92,340)	-	-
Total fund balance (deficit)	<u>(59,407)</u>	<u>-</u>	<u>(92,340)</u>	<u>14,637</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance (deficit)</b>	<u>\$ 89,107</u>	<u>\$ 7,159</u>	<u>\$ 184,686</u>	<u>\$ 14,814</u>	<u>\$ 113,398</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND

June 30, 2017

	Race to the Top	Title I - School Improvement and Accountability	Title II - Teacher Quality - Leadership	Principal Preparation and Evaluation	Reading Initiative
<b>Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,884	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	36,011	228,248	500	-	17,336
Prepaid expenses	5,600	-	-	-	-
Total assets	41,611	228,248	500	3,884	17,336
<b>Deferred outflows of resources:</b>					
None	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 41,611</b>	<b>\$ 228,248</b>	<b>\$ 500</b>	<b>\$ 3,884</b>	<b>\$ 17,336</b>
<b>Liabilities:</b>					
Accounts payable	\$ 258	\$ 2,130	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	6,997
Due to other funds	40,409	154,269	500	-	6,564
Due to other governments	944	71,849	-	-	3,775
Total liabilities	41,611	228,248	500	-	17,336
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	79,947	-	-	6,949
<b>Fund balance (deficit):</b>					
Nonspendable	5,600	-	-	-	-
Restricted	-	-	-	3,884	-
Unassigned	(5,600)	(79,947)	-	-	(6,949)
Total fund balance (deficit)	-	(79,947)	-	3,884	(6,949)
<b>Total liabilities, deferred inflows of resources, and fund balance (deficit)</b>	<b>\$ 41,611</b>	<b>\$ 228,248</b>	<b>\$ 500</b>	<b>\$ 3,884</b>	<b>\$ 17,336</b>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND

June 30, 2017

	ROE/ISC Operations	American Institute of Research	Pilot Regional Safe School Cooperative Education Program	Title II - Teacher Quality	Total
Assets:					
Cash and cash equivalents	\$ 166	\$ -	\$ -	\$ -	\$ 18,669
Accounts receivable	-	189,522	-	-	189,522
Due from other governments	-	-	23,403	138	700,181
Prepaid expenses	-	-	-	-	5,600
Total assets	166	189,522	23,403	138	913,972
Deferred outflows of resources:					
None	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 166	\$ 189,522	\$ 23,403	\$ 138	\$ 913,972
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,388
Accrued payroll and employee benefits	-	-	-	-	43,696
Due to other funds	-	189,513	23,403	138	772,276
Due to other governments	166	9	-	-	76,914
Total liabilities	166	189,522	23,403	138	895,274
Deferred inflows of resources:					
Unavailable revenue	-	-	6,959	-	245,779
Fund balance (deficit):					
Nonspendable	-	-	-	-	5,600
Restricted	-	-	-	-	18,521
Unassigned	-	-	(6,959)	-	(251,202)
Total fund balance (deficit)	-	-	(6,959)	-	(227,081)
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ 166	\$ 189,522	\$ 23,403	\$ 138	\$ 913,972

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2017

	Regional Safe Schools	Area III – Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	State and Federal School Breakfast and Lunch	ISBE Special Initiatives Program
Revenues:					
State sources	\$ 49,500	-	\$ 92,346	\$ 96	\$ 350,617
Federal sources	-	40,432	-	20,506	-
Interest income	-	-	-	-	-
Total revenues	<u>49,500</u>	<u>40,432</u>	<u>92,346</u>	<u>20,602</u>	<u>350,617</u>
Expenditures					
Salaries and benefits	108,283	34,346	175,808	-	257,868
Purchased services	1,398	3,129	1,216	22,252	11,533
Supplies and materials	-	2,267	641	-	-
Payments to other governments	-	-	-	-	-
Pension expense	2,600	801	9,198	-	81,216
Total expenditures	<u>112,281</u>	<u>40,543</u>	<u>186,863</u>	<u>22,252</u>	<u>350,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,781)</u>	<u>(111)</u>	<u>(94,517)</u>	<u>(1,650)</u>	<u>-</u>
Other financing sources (uses):					
Transfer in	3,374	111	2,177	-	-
Transfer out	-	-	-	-	-
Total other financing sources (uses)	<u>3,374</u>	<u>111</u>	<u>2,177</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	(59,407)	-	(92,340)	(1,650)	-
Fund balance (deficit) - beginning	-	-	-	16,287	-
Fund balance (deficit) - ending	<u>\$ (59,407)</u>	<u>\$ -</u>	<u>\$ (92,340)</u>	<u>\$ 14,637</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2017

	Race to the Top	Title I - School Improvement and Accountability	Title II - Teacher Quality - Leadership	Principal Preparation and Evaluation	Reading Initiative
Revenues:					
State sources	\$ 363,689	\$ -	\$ -	\$ -	\$ 125,736
Federal sources	-	923,251	5,500	-	-
Interest income	-	-	-	-	-
Total revenues	<u>363,689</u>	<u>923,251</u>	<u>5,500</u>	<u>-</u>	<u>125,736</u>
Expenditures:					
Salaries and benefits	322,901	249,162	-	-	120,434
Purchased services	41,318	343,020	5,500	-	5,302
Supplies and materials	860	2,191	-	-	-
Payments to other governments	2,552	355,243	-	-	-
Pension expense	621	53,582	-	-	-
Total expenditures	<u>368,252</u>	<u>1,003,198</u>	<u>5,500</u>	<u>-</u>	<u>125,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,563)</u>	<u>(79,947)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):					
Transfer in	4,563	-	-	-	-
Transfer out	-	-	-	-	-
Total other financing sources (uses)	<u>4,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	-	(79,947)	-	-	-
Fund balance (deficit) - beginning	-	-	-	3,884	(6,949)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ (79,947)</u>	<u>\$ -</u>	<u>\$ 3,884</u>	<u>\$ (6,949)</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2017

	ROE/ISC Operations	American Institute of Research	Pilot Regional Safe School Cooperative Education Program	Title II - Teacher Quality	Total
Revenues:					
State sources	\$ 136,269	\$ 1,144,721	\$ 32,460	\$ -	\$ 2,295,434
Federal sources	-	-	-	308	989,997
Interest income	-	-	-	-	-
Total revenues	\$136,269	1,144,721	32,460	\$308	\$3,285,431
Expenditures:					
Salaries and benefits	70,486	782,551	22,057	171	2,144,067
Purchased services	63,331	81,337	17,180	138	596,654
Supplies and materials	108	2,178	73	-	8,318
Payments to other governments	-	-	-	-	357,795
Pension expense	4,368	278,652	109	-	431,147
Total expenditures	138,293	1,144,718	39,419	309	3,537,981
Excess (deficiency) of revenues over (under) expenditures	(2,024)	3	(6,959)	(1)	(252,550)
Other financing sources (uses):					
Transfer in	2,024	-	-	1	12,250
Transfer out	-	(3)	-	-	(3)
Total other financing sources (uses)	2,024	(3)	-	1	12,247
Net change in fund balance (deficit)	-	-	(6,959)	-	(240,303)
Fund balance (deficit) - beginning	-	-	-	-	13,222
Fund balance (deficit) - ending	\$ -	\$ -	\$ (6,959)	\$ -	\$ (227,081)

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 108,907	\$ 108,907	\$ 49,500
Total revenues	<u>108,907</u>	<u>108,907</u>	<u>49,500</u>
Expenditures:			
Salaries and benefits	105,512	105,512	108,283
Purchased services	3,341	3,341	1,398
Supplies and materials	54	54	-
Pension expense	-	-	2,600
Total expenditures	<u>108,907</u>	<u>108,907</u>	<u>112,281</u>
(Deficiency) of revenues (under) expenditures	-	-	(62,781)
Other financing sources:			
Transfer in	-	-	3,374
Net change in fund balance	-	-	(59,407)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,407)</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
AREA III - HOMELESS LIAISON PROJECT

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 32,538	\$ 40,888	\$ 40,432
Total revenues	<u>32,538</u>	<u>40,888</u>	<u>40,432</u>
Expenditures:			
Salaries and benefits	31,286	35,832	34,346
Purchased services	499	3,027	3,129
Supplies and materials	753	2,029	2,267
Pension expense	-	-	801
Total expenditures	<u>32,538</u>	<u>40,888</u>	<u>40,543</u>
(Deficiency) of revenues (under) expenditures	-	-	(111)
Other financing sources:			
Transfer in	-	-	111
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
SANGAMON COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 184,686	\$ 184,686	\$ 92,346
Total revenues	<u>184,686</u>	<u>184,686</u>	<u>92,346</u>
Expenditures:			
Salaries and benefits	183,020	181,979	175,808
Purchased services	984	2,087	1,216
Supplies and materials	682	620	641
Pension expense	-	-	9,198
Total expenditures	<u>184,686</u>	<u>184,686</u>	<u>186,863</u>
(Deficiency) of revenues (under) expenditures	-	-	(94,517)
Other financing sources:			
Transfer in	-	-	<u>2,177</u>
Net change in fund balance	-	-	(92,340)
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (92,340)</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,412,485	\$ 1,412,485	\$ 923,251
Total revenues	<u>1,412,485</u>	<u>1,412,485</u>	<u>923,251</u>
Expenditures:			
Salaries and benefits	469,078	469,078	249,162
Purchased services	399,731	399,731	343,020
Supplies and materials	7,180	7,180	2,191
Payments to other governments	536,496	536,496	355,243
Pension expense	-	-	53,582
Total expenditures	<u>1,412,485</u>	<u>1,412,485</u>	<u>1,003,198</u>
Net change in fund balance	-	-	(79,947)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,947)</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
 REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE II - TEACHER QUALITY - LEADERSHIP

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 6,758	\$ 6,758	\$ 5,500
Total revenues	<u>6,758</u>	<u>6,758</u>	<u>5,500</u>
Expenditures:			
Salaries and benefits	58	58	-
Purchased services	<u>6,700</u>	<u>6,700</u>	<u>5,500</u>
Total expenditures	<u>6,758</u>	<u>6,758</u>	<u>5,500</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ROE/ISC OPERATIONS

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 136,269	\$ 136,269	\$ 136,269
Total revenues	<u>136,269</u>	<u>136,269</u>	<u>136,269</u>
Expenditures:			
Salaries and benefits	75,874	75,874	70,486
Purchased services	59,975	59,975	63,331
Supplies and materials	420	420	108
Pension expense	-	-	4,368
Total expenditures	<u>136,269</u>	<u>136,269</u>	<u>138,293</u>
(Deficiency) of revenues (under) expenditures	-	-	(2,024)
Other financing sources:			
Transfer in	-	-	2,024
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
PILOT REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 41,118	\$ 41,118	\$ 32,460
Total revenues	<u>41,118</u>	<u>41,118</u>	<u>32,460</u>
Expenditures:			
Salaries and benefits	34,568	34,568	22,057
Purchased services	5,891	5,891	17,180
Supplies and materials	659	659	73
Pension expense	-	-	109
Total expenditures	<u>41,118</u>	<u>41,118</u>	<u>39,419</u>
Net change in fund balance	-	-	(6,959)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,959)</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TITLE II - TEACHER QUALITY

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,127	\$ 1,127	\$ 308
Total revenues	<u>1,127</u>	<u>1,127</u>	<u>308</u>
Expenditures:			
Salaries and benefits	1,076	1,076	171
Purchased services	51	51	138
Total expenditures	<u>1,127</u>	<u>1,127</u>	<u>309</u>
(Deficiency) of revenues (under) expenditures	-	-	(1)
Other financing sources:			
Transfers in	-	-	<u>1</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2017

	General Education Development Certificate	Bus Driver Training	Cook County General Education Development	Total
Assets:				
Cash and cash equivalents	\$ -	\$ 16,394	\$ -	\$ 16,394
Accounts receivable	978	1,250	-	2,228
Due from other governments	-	50	-	50
Total assets	978	17,694	-	18,672
Deferred outflows of resources:				
None	-	-	-	-
Total assets and deferred outflows of resources	\$ 978	\$ 17,694	\$ -	\$ 18,672
Liabilities:				
Accounts payable	\$ 144	\$ -	\$ -	\$ 144
Due to other funds	19,225	-	-	19,225
Due to other governments	61	12	-	73
Total liabilities	19,430	12	-	19,442
Deferred inflow of resources:				
Unavailable revenue	-	110	-	110
Fund balance (deficit):				
Restricted	-	17,572	-	17,572
Unassigned	(18,452)	-	-	(18,452)
Total fund balance (deficit)	(18,452)	17,572	-	(880)
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ 978	\$ 17,694	\$ -	\$ 18,672

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2017

	General Education Development Certificate	Bus Driver Training	Cook County General Education Development	Total
Revenues:				
Local sources	\$ 14,074	\$ 7,058	\$ -	\$ 21,132
State sources	-	1,692	136,056	137,748
Total revenues	<u>14,074</u>	<u>8,750</u>	<u>136,056</u>	<u>158,880</u>
Expenditures:				
Salaries and benefits	18,371	7,320	-	25,691
Purchased services	493	3,479	-	3,972
Supplies and materials	298	63	2,070	2,431
Other objects	-	20	-	20
Total expenditures	<u>19,162</u>	<u>10,882</u>	<u>2,070</u>	<u>32,114</u>
Excess (deficiency) of revenues over (under) expenditures	(5,088)	(2,132)	133,986	126,766
Other financing sources:				
Transfers in	-	-	2,070	2,070
Net change in fund balance	(5,088)	(2,132)	136,056	128,836
Fund balance (deficit) - beginning	<u>(13,364)</u>	<u>19,704</u>	<u>(136,056)</u>	<u>(129,716)</u>
Fund balance (deficit) - ending	<u>\$ (18,452)</u>	<u>\$ 17,572</u>	<u>\$ -</u>	<u>\$ (880)</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS

June 30, 2017

	Business-type Activities Proprietary Funds		
	Staff Development Center Workshop Fund	Background Checks	Total
Assets:			
Currents assets:			
Cash and cash equivalents	\$ 31,339	\$ 48,746	\$ 80,085
Accounts receivable	-	350	350
Due from other funds	752	-	752
Due from other governments	-	4,071	4,071
Total current assets	32,091	53,167	85,258
Deferred outflows of resources:			
None	-	-	-
Liabilities:			
Current liabilities:			
Accounts payable	69	-	69
Due to other governments	11	2,771	2,782
Unearned revenue	1,250	-	1,250
Total current liabilities	1,330	2,771	4,101
Deferred inflows of resources:			
None	-	-	-
Net position:			
Unrestricted	30,761	50,396	81,157
Total net position	\$ 30,761	\$ 50,396	\$ 81,157

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	Business-type Activities Proprietary Funds		
	Staff Development Center Workshop Fund	Background Checks	Total
Operating revenues:			
Charges for services	\$ 9,105	\$ 50,767	\$ 59,872
Total operating revenues	9,105	50,767	59,872
Operating expenses:			
Salaries and benefits	10,931	6,223	17,154
Purchased services	2,497	33,026	35,523
Supplies and materials	987	150	1,137
Payments to other governments	500	-	500
Other objects	135	-	135
Total operating expenses	15,050	39,399	54,449
Change in net position	(5,945)	11,368	5,423
Net position - beginning	36,706	39,028	75,734
Net position - ending	\$ 30,761	\$ 50,396	\$ 81,157

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	Business-type Activities Proprietary Funds		
	Staff Development Center Workshop Fund	Background Checks	Total
Cash flows from operating activities:			
Receipts from customers	\$ 10,425	\$ 51,950	\$ 62,375
Payments to suppliers and providers of goods and services	(4,053)	(33,756)	(37,809)
Payments to employees	(10,931)	(6,223)	(17,154)
Net cash provided by (used for) operating activities	(4,559)	11,971	7,412
Cash flows from noncapital financing activities:			
Decrease (increase) in interfund borrowing, net	35,898	36,775	72,673
Net cash provided by (used for) noncapital financing activities	35,898	36,775	72,673
Net increase (decrease) in cash and cash equivalents	31,339	48,746	80,085
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	\$ 31,339	\$ 48,746	\$ 80,085
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (5,945)	\$ 11,368	\$ 5,423
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:			
(Increase) Decrease in accounts receivable	70	(350)	(280)
(Increase) Decrease in due from other governments	-	1,533	1,533
Increase (Decrease) in accounts payable	55	(3,351)	(3,296)
Increase (Decrease) in due to other governments	11	2,771	2,782
Increase (Decrease) in unearned revenue	1,250	-	1,250
Net cash provided by (used for) operating activities	\$ (4,559)	\$ 11,971	\$ 7,412

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS

June 30, 2017

	Illinois Education and Technology Conference	Sangamon County Schoolmasters	Sangamon County Learning Academy	Those Who Excel	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 160,258	\$ 4,137	\$ 9,050	\$ 6,646	\$ 180,091
Total assets	<u>\$ 160,258</u>	<u>\$ 4,137</u>	<u>\$ 9,050</u>	<u>\$ 6,646</u>	<u>\$ 180,091</u>
<b>Liabilities:</b>					
Due to other governments	\$ 160,258	\$ 4,137	\$ 9,050	\$ 6,646	\$ 180,091
Total liabilities	<u>\$ 160,258</u>	<u>\$ 4,137</u>	<u>\$ 9,050</u>	<u>\$ 6,646</u>	<u>\$ 180,091</u>

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ILLINOIS EDUCATION AND TECHNOLOGY CONFERENCE</u>				
Assets:				
Cash and cash equivalents	\$ 120,289	\$ 172,331	\$ 132,362	\$ 160,258
Total assets	<u>\$ 120,289</u>	<u>\$ 172,331</u>	<u>\$ 132,362</u>	<u>\$ 160,258</u>
Liabilities:				
Due to other governments	\$ 120,289	\$ 172,331	\$ 132,362	\$ 160,258
Total liabilities	<u>\$ 120,289</u>	<u>\$ 172,331</u>	<u>\$ 132,362</u>	<u>\$ 160,258</u>
 <u>SANGAMON COUNTY SCHOOLMASTERS</u>				
Assets:				
Cash and cash equivalents	\$ 2,208	\$ 3,243	\$ 1,314	\$ 4,137
Total assets	<u>\$ 2,208</u>	<u>\$ 3,243</u>	<u>\$ 1,314</u>	<u>\$ 4,137</u>
Liabilities:				
Due to other governments	\$ 2,208	\$ 3,243	\$ 1,314	\$ 4,137
Total liabilities	<u>\$ 2,208</u>	<u>\$ 3,243</u>	<u>\$ 1,314</u>	<u>\$ 4,137</u>
 <u>SANGAMON COUNTY LEARNING ACADEMY</u>				
Assets:				
Cash and cash equivalents	\$ 8,352	\$ 7,088	\$ 6,390	\$ 9,050
Total assets	<u>\$ 8,352</u>	<u>\$ 7,088</u>	<u>\$ 6,390</u>	<u>\$ 9,050</u>
Liabilities:				
Due to other governments	\$ 8,352	\$ 7,088	\$ 6,390	\$ 9,050
Total liabilities	<u>\$ 8,352</u>	<u>\$ 7,088</u>	<u>\$ 6,390</u>	<u>\$ 9,050</u>

See accompanying Independent Auditors' Report.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>THOSE WHO EXCEL</u>				
Assets:				
Cash and cash equivalents	\$ 320	\$ 46,950	\$ 40,624	\$ 6,646
Total assets	<u>\$ 320</u>	<u>\$ 46,950</u>	<u>\$ 40,624</u>	<u>\$ 6,646</u>
Liabilities:				
Due to other governments	\$ 320	\$ 46,950	\$ 40,624	\$ 6,646
Total liabilities	<u>\$ 320</u>	<u>\$ 46,950</u>	<u>\$ 40,624</u>	<u>\$ 6,646</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 131,169	\$ 229,612	\$ 180,690	\$ 180,091
Total assets	<u>\$ 131,169</u>	<u>\$ 229,612</u>	<u>\$ 180,690</u>	<u>\$ 180,091</u>
Liabilities:				
Due to other governments	\$ 131,169	\$ 229,612	\$ 180,690	\$ 180,091
Total liabilities	<u>\$ 131,169</u>	<u>\$ 229,612</u>	<u>\$ 180,690</u>	<u>\$ 180,091</u>

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

<b><u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Pass-through Entity Identifying Number</u></b>	<b><u>Passed Through to Subrecipients</u></b>	<b><u>Total Federal Expenditures</u></b>
<b>U.S. Department of Education</b>				
<b>Passed-Through Illinois State Board of Education</b>				
Title I Grants to Local Educational Agencies <i>Title I - School Improvement &amp; Accountability</i>	(M) 84.010A	17-4331-SS	\$ 355,243	\$1,003,198
Improving Teacher Quality State Grants <i>Title II - Teacher Quality</i>	84.367A	17-4932-00	-	308
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	17-4935-02	-	<u>5,500</u>
Total U.S. Department of Education passed-through Illinois State Board of Education			<u>355,243</u>	<u>1,009,006</u>
<b>Passed-Through Regional Office of Education #26</b>				
Education for Homeless Children and Youth <i>McKinney-Vento Education for Homeless Children and Youth</i>	84.196A	17-4920-00	-	<u>40,432</u>
Total U.S. Department of Education			<u>355,243</u>	<u>1,049,438</u>
<b>U.S. Department of Agriculture</b>				
<b>Passed-Through Illinois State Board of Education</b>				
Child Nutrition Cluster <i>National School Lunch Program</i>	10.555	16-4210-00	-	2,497
<i>National School Lunch Program</i>	10.555	17-4210-00	-	14,035
<i>School Breakfast Program</i>	10.553	16-4220-00	-	654
<i>School Breakfast Program</i>	10.553	17-4220-00	-	<u>3,320</u>
Total U.S. Department of Agriculture			-	<u>20,506</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 355,243</u>	<u>\$1,069,944</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

SANGAMON-MENARD COUNTIES  
REGIONAL OFFICE OF EDUCATION #51

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

**1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Regional Office of Education #51 under programs of the federal government for the year ended June 30, 2017. 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 #51, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education #51. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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 adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education #51 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.