

**STATE OF ILLINOIS
LASALLE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 35**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2014**

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35

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**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Mr. Christopher B. Dvorak

Assistant Regional Superintendent
(current and during the audit period)

Ms. Christina Dougherty

Office is located at:

119 West Madison Street, Room 102
Ottawa, Illinois 61350

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	10	None	N/A
FINDINGS AND RESPONSES (FEDERAL COMPLIANCE)			
	10	None	N/A
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	11	None	N/A

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The LaSalle County Regional Office of Education No. 35 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2014 in a communication dated February 20, 2015.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the LaSalle County Regional Office of Education No. 35 was performed by Borschnack, Pelletier & Co.

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

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle County Regional Office of Education No. 35, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle County Regional Office of Education No. 35, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 12 through 17 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Others 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 Schedule of Disbursements to School District Treasurers and Others are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Others 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 24, 2015 on our consideration of the LaSalle County Regional Office of Education No. 35's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaSalle County Regional Office of Education No. 35's internal control over financial reporting and compliance.

Borschneck, Pelletier & Co.

February 24, 2015

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 William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LaSalle County Regional Office of Education No. 35, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise LaSalle County Regional Office of Education No. 35's basic financial statements, and have issued our report thereon dated February 24, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Borschneck, Pelletier & Co.

February 24, 2015

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

Part I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Part II: Findings Related to the Basic Financial Statements

There are no audit findings reported in the current year.

Part III: Federal Award Findings

Instance of Noncompliance:

None

Significant Deficiency:

None

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014

There were no audit findings reported in the prior year.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

The LaSalle County Regional Office of Education No. 35 (ROE) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2014 with comparative information for the year ended June 30, 2013. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2014 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$5,206 (1%) from \$348,327 in FY 2013 to \$353,533 in FY 2014. This was the result of increase in general state aid and RSSP Student fees revenue. The General Fund's expenditures increased by \$8,535 (2%) from \$408,100 in FY 2013 to \$416,635 in FY 2014. This was primarily the result of an increase in salaries and benefits paid from RSSP Student fees.
- Within the Governmental Funds, the Special Revenue Funds' revenues decreased by \$105,483 (9%) from \$1,179,412 in FY 2013 to \$1,073,929 in FY 2014. This reflects the pattern of shrinking governmental funding in recent years. The Special Revenue Funds' expenditures decreased by \$74,351 (6%) from \$1,176,917 in FY 2013 to \$1,102,566 in FY 2014 as a result of the reduced funding.
- The Enterprise Funds' revenues increased by \$23,009 (14%) from \$166,534 in FY 2013 to \$189,543 in FY 2014. This was due to a slight increase in Workshop Revenue, as well as the addition of the Safety Net Coop and the Evaluation and Training services. The Enterprise Funds' expenditures decreased by \$28,914 (13%) from \$221,694 in FY 2013 to \$192,780 in FY 2014. There was a decrease in expenditures relating to Discovery United Streaming Coop., Workshop, and Criminal Background.

Using This Report

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

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

Reporting the ROE as a Whole

It is important to note, that several grants are a cooperative effort of the ROE and the Marshall/Putnam/Woodford Counties Regional Office of Education No. 43. Therefore, these

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

figures may reflect grants that are intended to serve LaSalle County only, as well as grants that serve LaSalle, Marshall, Putnam and Woodford Counties.

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements

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

The Government-wide financial statements report the ROE's net position and how they have changed. Net Position - the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources – is one way to measure the ROE's financial condition. The ROE currently has no deferred inflows or outflows of resources.

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

Fund Financial Statements

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

The ROE has three kinds of funds:

- (1) **Governmental funds** account for those funds through which most governmental functions of the ROE are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the ROE's programs. The ROE's Governmental Funds include: the General Fund and the Special Revenue Funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) **Proprietary funds** account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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

- (3) **Fiduciary funds** are used to account for assets held by the ROE in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Position.

Government-Wide Financial Analysis

As noted earlier, net position, when examined over time, may serve as an indicator of the financial health of the ROE. The net position at the end of FY 2014 and 2013 totaled \$822,646 and \$917,452, respectively. The analysis that follows provides a summary of the ROE's net position as of June 30.

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
ASSETS						
Current assets	\$ 697,134	\$ 762,524	\$ 155,082	\$ 201,701	\$ 852,216	\$ 964,225
Capital assets, net of depreciation	--	-	--	-	--	-
TOTAL ASSETS	<u>697,134</u>	<u>762,524</u>	<u>155,082</u>	<u>201,701</u>	<u>852,216</u>	<u>964,225</u>
Current liabilities	<u>19,077</u>	<u>34,823</u>	<u>10,493</u>	<u>11,950</u>	<u>29,570</u>	<u>46,773</u>
TOTAL LIABILITIES	<u>19,077</u>	<u>34,823</u>	<u>10,493</u>	<u>11,950</u>	<u>29,570</u>	<u>46,733</u>
NET POSITION						
Invested in capital assets, net of related debt	--	-	--	-	--	-
Restricted for educational purposes	175,965	152,837	--	-	175,965	152,837
Unrestricted	<u>502,092</u>	<u>574,864</u>	<u>144,589</u>	<u>189,751</u>	<u>646,681</u>	<u>764,615</u>
TOTAL NET POSITION	<u>\$ 678,057</u>	<u>\$ 727,701</u>	<u>\$ 144,589</u>	<u>\$ 189,751</u>	<u>\$ 822,646</u>	<u>\$ 917,452</u>

The ROE's net position decreased by \$94,806 (10%) during FY 2014. A decrease of \$49,644 (7%) occurred in the Governmental Activities and a decrease of \$45,162 (24%) occurred in the Business-Type Activities.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

CHANGES IN NET POSITION

The following analysis shows the changes in Net Position for the years ended June 30, 2014 and 2013.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 187,297	\$ 149,157	\$ 189,543	\$ 166,534	\$ 376,840	\$ 315,691
Operating grants and contributions	560,628	690,986	--	--	560,628	690,986
General revenues:						
Fees for services	4,600	4,348	--	--	4,600	4,348
Interest income	4,429	8,133	170	487	4,599	8,620
On-behalf payments	670,508	642,619	--	--	670,508	642,619
Total revenues	1,427,462	1,495,243	189,713	167,021	1,617,175	1,662,264
Expenses:						
Salaries	510,422	497,581	40,797	60,613	551,219	558,194
Benefits	74,470	75,563	5,209	7,995	79,679	83,558
Purchased services	212,306	279,792	116,990	108,193	329,296	387,985
Supplies and materials	36,381	43,094	28,786	39,856	65,167	82,950
Capital outlay	1,004	6,078	--	--	1,004	6,078
Payments to other governmental units	11,336	37,903	--	3,129	11,336	41,032
Miscellaneous	2,774	2,387	998	1,908	3,772	4,295
On-behalf payments	670,508	642,619	--	--	670,508	642,619
Total expenses	1,519,201	1,585,017	192,780	221,694	1,711,981	1,806,711
Income (loss) before operating transfers	(91,739)	(89,774)	(3,067)	(54,673)	(94,806)	(144,447)
Operating transfers	42,095	18,508	(42,095)	(18,508)	--	--
Change in Net Position	(49,644)	(71,266)	(45,162)	(73,181)	(94,806)	(144,447)
Net Position, beginning	727,701	798,967	189,751	262,932	917,452	1,061,899
Net Position, ending	\$ 678,057	\$ 727,701	\$ 144,589	\$ 189,751	\$ 822,646	\$ 917,452

Governmental Activities

Revenues for governmental activities were \$1,427,462 and expenses were \$1,519,201. Most grants decreased in FY 2014, and the RESPRO program funding was discontinued for FY 2014. New programs totaling \$72,201 were funded in FY 2014. These new programs included two additional Fairmount Minerals grants for Regional Work Study and Meals with Love Snack Program, a Walmart Giving grant to help purchase books for the Regional Safe School, SSOS AIR grant relating to foundational service work, and LaSalle county funding for the Regional Work Study program. Expenses were proportionally decreased to meet the funding level. Notably, transfers totaling \$51,765 of Workshop funds and School Improvement Plan – LaSalle

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

County funds to the ROE/ISC Operations Fund was needed to offset the overspending due to the State's budget cuts. This necessary spending enabled the ROE to complete all State mandated requirements.

Business-Type Activities

Revenues for business-type activities were \$189,713 and expenditures were \$192,780. Two new programs were added in FY 2014, School Improvement Coop Safety Net and Evaluation and Training. The increase in revenue is attributed to an increase in workshop revenue, as well as the addition of the two new programs. The expense decreases are attributed to the elimination of the Tech Integration program, and a decrease in the Discovery United Streaming Coop participation, resulting in a decrease in expenditures relating to the Coop.

Financial Analysis of the ROE Funds

As previously noted, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$678,057.

Governmental Fund Highlights

- The School Services grant (ROE/ISC Operations) budget for the ROE remained level at \$29,809, compared to \$29,851 in FY 2013. The funding provided by the State did not pay for all school service activities, etc. Workshop funds in the amount of \$40,335 and School Improvement Plan – LaSalle Co. funds of \$11,430 were transferred to help offset the deficit.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), declined because of the low interest rates.
- County support for the Regional Office of Education No. 35 remained at level funding.
- The State Aid foundation level was the same as FY 2013 at \$6,119. In reality, due to proration, the effective foundation level was \$5,428 in FY 2014.

Proprietary Fund Highlights

Total proprietary fund net position decreased by \$45,162 (24%). The majority of the net decrease in the proprietary funds is attributed to the transfer of Proprietary Funds to School Services in order to complete all State required mandates.

Fiduciary Fund Highlights

There was a decrease of \$371,031 (6%) in total fiduciary funds additions for FY 2014. In FY 2014, there were 3 remaining units that receive their payments through the ROE. Transactions during FY 2014 represent mainly transfers in and out of funds for the Distributive Fund.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Budgetary Highlights

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

Capital Assets

The ROE's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE maintains an inventory of capital assets which have been accumulated over time. For FY 2014 there were no acquisitions meeting the capitalization threshold. Depreciation expense for the FY 2014 was \$0. All of the ROE's capital assets were fully depreciated as of June 30, 2014.

Economic Factors and Next Year's Budget

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

- The interest rate on investments remains low and will impact interest earned.
- Most grants have been reduced significantly. However, the ROE Service Line has increased for FY 2015. For FY 2014, covering expenditures from this source of revenue is impossible. As a result, ROE Service obligations will have to be met with other sources of revenue such as Teacher Institute, Workshops, etc. FY 2015 funding will increase by \$36,251.
- General State Aid is being prorated at 89% of the FY 2014 foundation level of \$6,119 resulting in an appropriation level of \$5,428.
- County Board support for Regional Office of Education No. 35 will remain level.
- As a result of Public Act 97-0703, the ROE will be consolidating part of ROE #43 into its operations with an effective date of July 1, 2015.

Contacting the ROE's Financial Management

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
STATEMENT OF NET POSITION
JUNE 30, 2014

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 166,379	\$ 107,912	\$ 274,291
Investments	485,596	40,607	526,203
Accounts receivable	2,876	872	3,748
Prepaid expenses	2,686	4,331	7,017
Due from other governmental units	39,597	1,360	40,957
Total current assets	<u>697,134</u>	<u>155,082</u>	<u>852,216</u>
Noncurrent assets			
Capital assets, net	-	-	-
TOTAL ASSETS	<u>697,134</u>	<u>155,082</u>	<u>852,216</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	18,077	994	19,071
Unearned revenues	1,000	9,499	10,499
TOTAL LIABILITIES	<u>19,077</u>	<u>10,493</u>	<u>29,570</u>
NET POSITION			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	502,092	144,589	646,681
Restricted for educational purposes	175,965	-	175,965
TOTAL NET POSITION	<u>\$ 678,057</u>	<u>\$ 144,589</u>	<u>\$ 822,646</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Fairmount Minerals Grants</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 95,462	\$ 3,440	\$ 33,166	\$ 13,724	\$ 20,587	\$ 166,379
Investments	379,683	-	70,141	-	35,772	485,596
Accounts receivable	7	2,804	1	-	64	2,876
Prepaid expenses	2,686	-	-	-	-	2,686
Due from other funds	39,024	-	-	-	-	39,024
Due from other governmental units	6,300	33,297	-	-	-	39,597
TOTAL ASSETS	<u>\$ 523,162</u>	<u>\$ 39,541</u>	<u>\$ 103,308</u>	<u>\$ 13,724</u>	<u>\$ 56,423</u>	<u>\$ 736,158</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	\$ 16,814	\$ 213	\$ -	\$ 1,050	\$ -	\$ 18,077
Due to other funds	3,256	35,768	-	-	-	39,024
Unearned revenues	1,000	-	-	-	-	1,000
Total liabilities	<u>21,070</u>	<u>35,981</u>	<u>-</u>	<u>1,050</u>	<u>-</u>	<u>58,101</u>
FUND BALANCES						
Nonspendable	2,686	-	-	-	-	2,686
Restricted	-	3,560	103,308	12,674	56,423	175,965
Assigned	58,373	-	-	-	-	58,373
Unassigned	441,033	-	-	-	-	441,033
Total fund balances	<u>502,092</u>	<u>3,560</u>	<u>103,308</u>	<u>12,674</u>	<u>56,423</u>	<u>678,057</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 523,162</u>	<u>\$ 39,541</u>	<u>\$ 103,308</u>	<u>\$ 13,724</u>	<u>\$ 56,423</u>	<u>\$ 736,158</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

EXHIBIT D

Total fund balances - governmental funds	\$ 678,057
There are no differences as of June 30, 2014	<u>-</u>
Net position of governmental activities	<u><u>\$ 678,057</u></u>

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Fairmount Minerals Grants	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 106,790	\$ -	\$ -	\$ -	\$ 106,790
State sources	236,112	216,535	-	-	1,191	453,838
Local sources						
Fees for services	113,365	-	27,520	30,000	21,012	191,897
Interest	4,056	-	265	-	108	4,429
On-behalf payments	-	670,508	-	-	-	670,508
	<u>353,533</u>	<u>993,833</u>	<u>27,785</u>	<u>30,000</u>	<u>22,311</u>	<u>1,427,462</u>
Total revenues						
EXPENDITURES						
Instructional services:						
Salaries	258,471	228,569	8,160	5,377	9,845	510,422
Benefits	41,113	31,619	1,521	62	155	74,470
Purchased services	86,748	100,930	7,759	11,887	4,982	212,306
Supplies and materials	16,363	14,634	-	4,029	1,355	36,381
Miscellaneous	2,604	170	-	-	-	2,774
Payments to other governmental units	11,336	-	-	-	-	11,336
On-behalf payments	-	670,508	-	-	-	670,508
Capital outlay	-	1,004	-	-	-	1,004
	<u>416,635</u>	<u>1,047,434</u>	<u>17,440</u>	<u>21,355</u>	<u>16,337</u>	<u>1,519,201</u>
Total expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(63,102)	(53,601)	10,345	8,645	5,974	(91,739)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(9,670)	51,765	-	-	-	42,095
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(72,772)	(1,836)	10,345	8,645	5,974	(49,644)
FUND BALANCES, BEGINNING OF YEAR	574,864	5,396	92,963	4,029	50,449	727,701
FUND BALANCES, END OF YEAR	<u>\$ 502,092</u>	<u>\$ 3,560</u>	<u>\$ 103,308</u>	<u>\$ 12,674</u>	<u>\$ 56,423</u>	<u>\$ 678,057</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

EXHIBIT F

Net change in fund balances	\$ (49,644)
There are no differences for the year ended June 30, 2014	<u>-</u>
Change in net position of governmental activities	<u>\$ (49,644)</u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014**

EXHIBIT G

	Business Type Activities - Enterprise Funds				Total
	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Nonmajor Proprietary Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 49,506	\$ 18,706	\$ 6,594	\$ 33,106	\$ 107,912
Investments	-	25,914	-	14,693	40,607
Accounts receivable/Interest receivable	-	-	-	872	872
Prepaid expenses	3,484	-	467	380	4,331
Due from other funds	61	-	-	-	61
Due from other governmental units	360	-	-	1,000	1,360
TOTAL ASSETS	53,411	44,620	7,061	50,051	155,143
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	-	-	-	994	994
Due to other funds	-	-	-	61	61
Unearned revenues	-	8,024	1,475	-	9,499
TOTAL LIABILITIES	-	8,024	1,475	1,055	10,554
NET POSITION					
Unrestricted	\$ 53,411	\$ 36,596	\$ 5,586	\$ 48,996	\$ 144,589

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

EXHIBIT H

	Business Type Activities - Enterprise Funds				Total
	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Nonmajor Proprietary Funds		
	Workshop				
OPERATING REVENUES					
Local sources	\$ 59,432	\$ 32,324	\$ 23,208	\$ 74,579	\$ 189,543
OPERATING EXPENSES					
Salaries	-	23,696	-	17,101	40,797
Benefits	-	4,660	-	549	5,209
Purchased services	52,135	1,070	26,285	37,500	116,990
Supplies and materials	20,260	43	-	8,483	28,786
Miscellaneous	880	118	-	-	998
Payments to other governmental units	-	-	-	-	-
Total operating expenses	<u>73,275</u>	<u>29,587</u>	<u>26,285</u>	<u>63,633</u>	<u>192,780</u>
OPERATING INCOME (LOSS)	(13,843)	2,737	(3,077)	10,946	(3,237)
NONOPERATING REVENUES					
Interest	87	39	-	44	170
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(13,756)</u>	<u>2,776</u>	<u>(3,077)</u>	<u>10,990</u>	<u>(3,067)</u>
OPERATING TRANSFERS					
Transfers in	6,825	-	2,845	-	9,670
Transfers out	(40,335)	-	-	(11,430)	(51,765)
Operating transfers, net	<u>(33,510)</u>	<u>-</u>	<u>2,845</u>	<u>(11,430)</u>	<u>(42,095)</u>
CHANGE IN NET POSITION	(47,266)	2,776	(232)	(440)	(45,162)
TOTAL NET POSITION, BEGINNING OF YEAR	<u>100,677</u>	<u>33,820</u>	<u>5,818</u>	<u>49,436</u>	<u>189,751</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 53,411</u>	<u>\$ 36,596</u>	<u>\$ 5,586</u>	<u>\$ 48,996</u>	<u>\$ 144,589</u>

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT I

	Business Type Activities - Enterprise Funds				Total
	Workshop	LaSalle County Area Purchasing Coop.	Discovery United Streaming Coop.	Nonmajor Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 61,414	\$ 32,386	\$ 20,725	\$ 73,605	\$ 188,130
Payments to employees	-	(23,696)	-	(17,101)	(40,797)
Payments to suppliers	(73,150)	(5,891)	(23,685)	(44,194)	(146,920)
Net cash provided by (used in) operating activities	(11,736)	2,799	(2,960)	12,310	413
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:					
Repayments of loans from other funds	-	-	-	(5,202)	(5,202)
Repayments of loans to other funds	5,202	-	-	-	5,202
Transfers in	6,825	-	2,845	-	9,670
Transfers out	(40,335)	-	-	(11,430)	(51,765)
Net cash provided by (used in) non capital financing activities	(28,308)	-	2,845	(16,632)	(42,095)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of Investments	-	(39)	-	(44)	(83)
Interest	87	39	-	44	170
Net cash provided by investing activities	87	-	-	-	87
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,957)	2,799	(115)	(4,322)	(41,595)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	89,463	15,907	6,709	37,428	149,507
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 49,506	\$ 18,706	\$ 6,594	\$ 33,106	\$ 107,912
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (13,843)	\$ 2,737	\$ (3,077)	\$ 10,946	\$ (3,237)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets and liabilities:					
Accounts receivable	170	-	-	56	226
Prepaid Expenses	125	-	2,600	1,344	4,069
Due from other governmental units	1,812	-	-	(1,000)	812
Accounts payable and accrued expenses	-	-	-	964	964
Unearned revenues	-	62	(2,483)	-	(2,421)
Net cash provided by (used in) operating activities	\$ (11,736)	\$ 2,799	\$ (2,960)	\$ 12,310	\$ 413

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

EXHIBIT J

ASSETS

Cash and cash equivalents	\$ <u>23</u>
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LIABILITIES

Due to other governmental units	\$ <u>23</u>
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The notes to the financial statements are an integral part of this statement.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

Blended Component Units

A component unit is an entity which is legally separate from the ROE, but is so intertwined with the ROE that it is, in substance, the same as the ROE. It is reported as part of the ROE and blended into the appropriate funds.

On July 1, 1998, the ROE entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110 to form an educational service delivery system. The name of the educational service delivery system formed is known as the LaSalle County - Putnam, Marshall, Woodford Counties Service Delivery System. The Service Delivery System is

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

responsible for the administration and performance of accounting procedures that conform to all applicable rules and regulations of the Illinois State Board of Education. The ROE was designated as Administrative Agent and Director.

The following grants to the ROE and Marshall-Putnam-Woodford Counties Regional Office of Education No. 43 were assigned to the LaSalle, Marshall, Putnam, and Woodford Counties Service Delivery System: Truants Alternative Program and Learning Technology Center. These grants are reported as Special Revenue Funds.

The ROE is not aware of any entity which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

Future Consolidation

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. New Accounting Pronouncements

Effective July 1, 2013, the ROE adopted the following accounting pronouncements:

- Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*
- GASB Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

GASB Statement No. 65 clarifies the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources. GASB No. 66 resolves conflicting report guidance regarding fund classifications and operating leases. No. 67 resulted in more descriptive information regarding defined benefit pension plans, and No. 70 addressed financial guarantees. None of these statements had a significant impact on the ROE's reporting in the current year.

The ROE will adopt GASB Statements No. 68, No. 69, and No. 71 on July 1, 2014. No. 68 and No. 71 revised requirements for financial reporting by governmental entities which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the ROE's proportionate share of the net pension liability. No. 69 addresses the reporting of government combinations. The ROE will be absorbing portions of ROE #43 effective July 1, 2015. The ROE has not yet fully evaluated the impact of these statements on its financial statements.

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The ROE records on-behalf payments made by the State and LaSalle County for salary, benefits and contributions to the Teachers' Retirement System or the Illinois Municipal Retirement Fund as revenues and expenditures.

E. Fund Accounting

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Types

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

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

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

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

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

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

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

System of Support - (Title I - School Improvement and Accountability) - to account for grant monies received for, and payment of, expenditures to help schools meet the No Child Left Behind initiative.

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

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fairmount Minerals Grants - To account for funds received from Fairmount Minerals to promote instructional innovation in LaSalle County Schools, to provide nutritional wellness, to fund a portion of the Regional Work Study program, and to fund a portion of the Regional Safe Schools program.

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

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

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

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

Walmart Giving - to account for local revenue donated by Walmart to promote instructional innovation in the Regional Safe School.

Regional Work Study Local Funding - to account for local revenues, including money received from LaSalle County, to fund a portion of the Regional Work Study program.

Proprietary Fund Types

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

American College Testing (ACT) Student Fees - to account for the fees and local revenues received and related disbursements for the ACT program which is designed to assess high school students' general educational development and their ability to complete college-level work.

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

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

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

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

School Improvement Plan - LaSalle County - to account for funds received for and payment of expenditures linked to school improvement activities for LaSalle County Schools including but not limited to curriculum, instruction and assessment.

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Fund Types

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

Agency Funds are custodial in nature and do not involve measurement of results of operations. The amounts due to school districts and due to other governments are equal to the assets. Agency Funds include Distributive, Payroll and Marshall/Putnam/Woodford ROE No. 43's ROE/ISC Operations Grant.

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

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

MPW's ROE/ISC Operations Grant – to account for funds received and disbursed on behalf of ROE No. 43 for this particular grant program.

F. Governmental Fund Balances

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

G. Revenues - Exchange and Non-exchange Transactions

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

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

H. Cash and Cash Equivalents

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Investments

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

J. Capital Assets

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

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

K. Estimates

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

L. Budgets and Budgetary Accounting

The ROE did not formally adopt a budget for the year ended June 30, 2014 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following accounts within the Education Fund: McKinney Education for Homeless Children, Regional Safe Schools, Truants Alternative Programs, SSOS AIR Foundational Services, ROE/ISC Operations, Teacher Quality, and Teacher Quality-Leadership.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Deposits

The ROE utilizes several different bank accounts for its various activities. The book balance of such accounts is \$782,990 at June 30, 2014, while the bank balance was \$813,535. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2014. Of the total bank balance as of June 30, 2014, \$715,281 was insured by Federal depository insurance, \$98,254 was collateralized by securities pledged by the ROE's financial institution that were held by the financial institution's agent but not in the name of the ROE.

Investments

As of June 30, 2014, the ROE had investments with carrying and fair values as follows:

Investment Type	Carrying Amount	Fair Value
Illinois Funds Money Market	\$ 17,527	\$ 17,527
	\$ 17,527	\$ 17,527

Credit Risk

At June 30, 2014, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investments Act, 30 ILCS 235.

Interest Rate Risk

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

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Equipment	\$ 20,966	\$ -	\$ -	\$ 20,966
Less: accumulated depreciation	20,966	-	-	20,966
Capital assets, net	\$ -	\$ -	\$ -	\$ -

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS

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

DUE FROM OTHER GOVERNMENTAL UNITS	
Boone/Winnebago Counties Reg. Office of Education No. 4	\$ 14,649
Illinois State Board of Education	18,648
Local school districts	<u>7,660</u>
Total	<u>\$ 40,957</u>
DUE TO OTHER GOVERNMENTAL UNITS	
Regional Office of Education No. 35	<u>\$ 23</u>
Total	<u>\$ 23</u>

NOTE 5 - INTERFUND TRANSACTIONS

(a) Transfers From/To Other Funds

The composition of interfund transfers for the year ended June 30, 2014 is as follows:

Fund	Transfers-in	Transfers-out
Education Fund – ROE/ISC Operations	\$ 51,765	\$ -
General Fund - Title II Teacher Quality (from Schools)	-	9,670
Proprietary Funds-School Improvement Plan – LaSalle Co.	-	11,430
Proprietary Funds – Discovery United Streaming Coop.	2,845	-
Proprietary Funds – Workshop	6,825	40,335
Total	<u>\$ 61,435</u>	<u>\$ 61,435</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - INTERFUND TRANSACTIONS (continued)

(b) Due From/To Other Funds

The following is a summary of amounts due from/to other funds as of June 30, 2014:

Fund	Due From	Due To
General Fund – RSSP Student	\$ -	\$ 3,256
General Fund - General State Aid	39,024	-
Education Fund - Regional Safe Schools	-	5,869
Education Fund - Truants Alternative Programs	-	12,446
Education Fund – SSOS AIR Foundational	-	14,349
Education Fund – WIA Youth Activities	-	2,804
Education Fund - Learning Technology Center	-	300
Proprietary Fund – Workshop	61	-
Proprietary Fund – American College Testing Student Fees	-	61
Total	<u>\$ 39,085</u>	<u>\$ 39,085</u>

These interfund loans were necessitated by the State or schools not timely paying their obligations to the ROE (or other entities which in turn paid the ROE). Each of these interfund loans was repaid by the end of September 2014.

NOTE 6 - RETIREMENT PLANS

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

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

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - RETIREMENT PLANS (continued)

Illinois Municipal Retirement Fund

Plan Description

The ROE's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The ROE's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information (RSI). The report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the ROE's Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 was 12.00%. The ROE also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The required contribution for calendar year 2013 was \$31,868.

THREE - YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 31,868	100%	\$ -
12/31/12	\$ 33,529	100%	\$ -
12/31/11	\$ 37,793	100%	\$ -

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the ROE's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The ROE's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 10 year basis.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - RETIREMENT PLANS (continued)

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 98.28 percent funded. The actuarial accrued liability for benefits was \$756,623 and the actuarial value of assets was \$743,604 resulting in an underfunded actuarial accrued liability (UAAL) of \$13,019. The covered payroll for the calendar year 2013 (annual payroll of active employees covered by the plan) was \$265,567 and the ratio of the UAAL to the covered payroll was 5 percent.

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

Teachers' Retirement System of the State of Illinois

The ROE participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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 State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

The state of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - RETIREMENT PLANS (continued)

- **On-behalf Contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2014, the State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$61,795 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the State of Illinois contribution rates were 28.05 percent (\$44,155) and 24.91 percent (\$56,783), respectively.

The ROE makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute .58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$1,028. Contributions for the years ended June 30, 2013 and June 30, 2012 were \$913 and \$1,322, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. For the years ended June 30, 2013 and June 30, 2012, required ROE contributions were \$0 and \$0, respectively.

- **Early Retirement Option (ERO).** The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the ROE paid \$0 to TRS for employer contributions under the ERO programs. For the years ended June 30, 2013 and 2012, the ROE paid \$0 in employer ERO contributions.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - RETIREMENT PLANS (continued)

- **Salary Increases Over 6 Percent and Excess Sick Leave.**

- If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2014, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2013 and June 30, 2012, the ROE paid \$0 and \$2,386, to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the ROE during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the ROE paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2013 and June 30, 2012, the ROE did not have any payments to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014 is expected to be available in late 2014.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, PO Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at <http://trs.illinois.gov>.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

- **Plan Description**

In addition to providing the pension benefits described, the ROE provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the ROE and can be amended by the ROE through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes. The plan is not accounted for as a trust

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)

fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the ROE governmental funds.

- **Benefits Provided**

The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE's insurance provider. Only one former employee has chosen to continue participation in the plan. The implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* is insignificant. Therefore, the ROE has not recorded any postemployment benefit liability as of June 30, 2014.

Teacher Health Insurance Security Fund

The ROE also 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 Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but 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. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by 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.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to the THIS Fund from active members which were .97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$1,693 and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent, respectively. State contributions on behalf of ROE's employees were \$1,448 and \$2,006, respectively.

- **Employer contributions to the THIS Fund**

The ROE also makes contributions to the THIS Fund. The employer THIS Fund contribution was .72 percent during the year ended June 30, 2014 and .69 and .66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the ROE paid \$1,256 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the ROE paid \$1,086 and \$1,504, respectively, which was 100 percent of the required contributions.

- **Further information on the THIS Fund**

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2014 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

NOTE 8 - COMMON BANK ACCOUNT

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

NOTE 9 - INTEREST ON DISTRIBUTIVE FUND

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

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

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

Regional Superintendent salary	\$ 109,464
Regional Superintendent benefits (includes State paid insurance)	32,789
Assistant Regional Superintendent salary	98,544
Assistant Regional Superintendent benefits (includes State paid insurance)	32,115
TRS & THIS contributions	<u>137,143</u>
Total on-behalf payments by the State of Illinois	<u><u>\$ 410,055</u></u>

Eight teachers' salaries and benefits were paid by the ROE. The State made contributions of \$61,795 to TRS on-behalf of those employees. The State also made contributions of \$1,693 to THIS on-behalf of those employees. Those amounts have been included above as "TRS & THIS contributions".

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

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

Truant Officer salaries	\$ 75,093
Truant Officer benefits	36,533
Clerical salaries	102,667
Clerical benefits	<u>46,160</u>
Total on-behalf payments	<u><u>\$ 260,453</u></u>

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

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2014**

**ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 743,604	\$756,623	\$ 13,019	98.28%	\$265,567	4.90%
12/31/12	\$ 753,991	\$800,210	\$ 46,219	94.22%	\$303,979	15.20%
12/31/11	\$ 656,664	\$751,045	\$ 94,381	87.43%	\$320,281	29.47%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$857,560. On a market basis, the funded ratio would be 113.34%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with LaSalle County ROE. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

SUPPLEMENTARY INFORMATION

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2014

SCHEDULE 1

	<u>General</u>	<u>RSSP Student</u>	<u>Title II - Teacher Quality (from Schools)</u>	<u>General State Aid</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 6,845	\$ -	\$ 56,329	\$ 32,288	\$ 95,462
Investments	278,177	-	-	101,506	379,683
Accounts receivable	-	-	-	7	7
Prepaid expenses	981	-	-	1,705	2,686
Due from other funds	-	-	-	39,024	39,024
Due from other governmental units	-	6,300	-	-	6,300
TOTAL ASSETS	<u>\$ 286,003</u>	<u>\$ 6,300</u>	<u>\$ 56,329</u>	<u>\$ 174,530</u>	<u>\$ 523,162</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 16,814	\$ 16,814
Due to other funds	-	3,256	-	-	3,256
Unearned revenues	-	-	1,000	-	1,000
Total liabilities	<u>-</u>	<u>3,256</u>	<u>1,000</u>	<u>16,814</u>	<u>21,070</u>
FUND BALANCES					
Nonspendable	981	-	-	1,705	2,686
Assigned	-	3,044	55,329	-	58,373
Unassigned	285,022	-	-	156,011	441,033
Total fund balances	<u>286,003</u>	<u>3,044</u>	<u>55,329</u>	<u>157,716</u>	<u>502,092</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 286,003</u>	<u>\$ 6,300</u>	<u>\$ 56,329</u>	<u>\$ 174,530</u>	<u>\$ 523,162</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 2

	General	RSSP Student	Title II - Teacher Quality (from Schools)	General State Aid	Total
REVENUES					
State sources	\$ -	\$ -	\$ -	\$ 236,112	\$ 236,112
Local sources					
Fees for services	4,600	79,450	29,315	-	113,365
Interest	2,656	-	-	1,400	4,056
Total revenues	<u>7,256</u>	<u>79,450</u>	<u>29,315</u>	<u>237,512</u>	<u>353,533</u>
EXPENDITURES					
Salaries	-	82,768	-	175,703	258,471
Benefits	-	13,305	-	27,808	41,113
Purchased services	1,101	-	2,455	83,192	86,748
Supplies and materials	6,957	-	77	9,329	16,363
Miscellaneous	2,524	-	-	80	2,604
Payments to other governmental units	209	-	11,127	-	11,336
Total expenditures	<u>10,791</u>	<u>96,073</u>	<u>13,659</u>	<u>296,112</u>	<u>416,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,535)	(16,623)	15,656	(58,600)	(63,102)
OTHER FINANCING USES					
Transfers out	-	-	(9,670)	-	(9,670)
	<u>-</u>	<u>-</u>	<u>(9,670)</u>	<u>-</u>	<u>(9,670)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,535)	(16,623)	5,986	(58,600)	(72,772)
FUND BALANCES, BEGINNING OF YEAR	289,538	19,667	49,343	216,316	574,864
FUND BALANCES, END OF YEAR	<u>\$ 286,003</u>	<u>\$ 3,044</u>	<u>\$ 55,329</u>	<u>\$ 157,716</u>	<u>\$ 502,092</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2014

SCHEDULE 3

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	SSOS AIR Foundational Services	ROE/ISC Operations	WIA Youth Activities	Learning Technology Center
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -	\$ -
Accounts receivable	-	-	-	-	-	2,804	-
Due from other governmental units	-	5,869	12,447	14,349	-	-	300
TOTAL ASSETS	\$ -	\$ 5,869	\$ 12,447	\$ 14,349	\$ 213	\$ 2,804	\$ 300
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -	\$ -
Due to other funds	-	5,869	12,446	14,349	-	2,804	300
Total liabilities	-	5,869	12,446	14,349	213	2,804	300
FUND BALANCES							
Restricted	-	-	1	-	-	-	-
Total fund balances	-	-	1	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 5,869	\$ 12,447	\$ 14,349	\$ 213	\$ 2,804	\$ 300

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2014

SCHEDULE 3
 (CONTINUED)

	System of Support	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality Leadership	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 521	\$ 2,138	\$ 568	\$ -	\$ -	\$ 3,440
Accounts receivable	-	-	-	-	-	-	2,804
Due from other governmental units	-	97	153	82	-	-	33,297
TOTAL ASSETS	\$ -	\$ 618	\$ 2,291	\$ 650	\$ -	\$ -	\$ 39,541
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213
Due to other funds	-	-	-	-	-	-	35,768
Total liabilities	-	-	-	-	-	-	35,981
FUND BALANCES							
Restricted	-	618	2,291	650	-	-	3,560
Total fund balances	-	618	2,291	650	-	-	3,560
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 618	\$ 2,291	\$ 650	\$ -	\$ -	\$ 39,541

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 4

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	SSOS AIR Foundational Services	ROE/ISC Operations	WIA - Youth Activities	Learning Technology Center
REVENUES							
Federal sources	\$ 18,349	\$ -	\$ -	\$ 31,201	\$ -	\$ 24,003	\$ -
State sources	-	70,395	75,277	-	29,809	-	40,483
On-behalf payments	-	63,488	111,626	-	495,394	-	-
Total revenues	18,349	133,883	186,903	31,201	525,203	24,003	40,483
EXPENDITURES							
Salaries	4,800	52,759	38,514	26,434	48,517	22,725	34,012
Benefits	582	12,601	4,460	1,393	5,141	1,195	6,247
Purchased services	12,899	2,727	31,088	987	18,717	-	224
Supplies and materials	68	2,308	1,215	2,387	8,025	83	-
Capital outlay	-	-	-	-	1,004	-	-
Miscellaneous	-	-	-	-	170	-	-
On-behalf payments	-	63,488	111,626	-	495,394	-	-
Total expenditures	18,349	133,883	186,903	31,201	576,968	24,003	40,483
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(51,765)	-	-
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	51,765	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	1	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014**

**SCHEDULE 4
 (CONTINUED)**

	System of Support	National School Breakfast Program	National School Lunch Program	State Free Lunch & Breakfast Program	Teacher Quality	Teacher Quality-Leadership	Total
REVENUES							
Federal sources	\$ -	\$ 10,918	\$ 17,871	\$ -	\$ 478	\$ 3,970	\$ 106,790
State sources	-	-	-	571	-	-	216,535
On-behalf payments	-	-	-	-	-	-	670,508
Total revenues	-	10,918	17,871	571	478	3,970	993,833
EXPENDITURES							
Salaries	808	-	-	-	-	-	228,569
Benefits	-	-	-	-	-	-	31,619
Purchased services	-	11,465	18,923	-	-	3,900	100,930
Supplies and materials	-	-	-	-	478	70	14,634
Capital outlay	-	-	-	-	-	-	1,004
Miscellaneous	-	-	-	-	-	-	170
On-behalf payments	-	-	-	-	-	-	670,508
Total expenditures	808	11,465	18,923	-	478	3,970	1,047,434
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES							
	(808)	(547)	(1,052)	571	-	-	(53,601)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	-	51,765
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES							
	(808)	(547)	(1,052)	571	-	-	(1,836)
FUND BALANCES, BEGINNING OF YEAR							
	808	1,165	3,343	79	-	-	5,396
FUND BALANCES, END OF YEAR							
	\$ -	\$ 618	\$ 2,291	\$ 650	\$ -	\$ -	\$ 3,560

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
EDUCATION FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5

	McKinney Education for Homeless Children			Regional Safe Schools			Truants Alternative Programs		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUE									
Federal sources	\$ 18,349	\$ 18,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	70,395	70,395	-	75,277	75,277	-
Local sources									
Interest	-	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	63,488	63,488	-	111,626	111,626
Total revenue	18,349	18,349	-	70,395	133,883	63,488	75,277	186,903	111,626
EXPENDITURES									
Salaries	4,800	4,800	-	52,042	52,759	(717)	36,301	38,514	(2,213)
Benefits	630	582	48	12,601	12,601	-	6,610	4,460	2,150
Purchased services	12,852	12,899	(47)	3,444	2,727	717	32,031	31,088	943
Supplies and materials	67	68	(1)	2,308	2,308	-	335	1,215	(880)
Capital outlay	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	63,488	(63,488)	-	111,626	(111,626)
Total expenditures	18,349	18,349	-	70,395	133,883	(63,488)	75,277	186,903	(111,626)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES									
Transfers in		-			-			-	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-			-	
FUND BALANCE, BEGINNING OF YEAR		-			-			1	
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>-</u>		<u>\$ -</u>	<u>-</u>		<u>\$ -</u>	<u>1</u>	

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
EDUCATION FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5
(CONTINUED)

	SSOS AIR Foundational Services			ROE/ISC Operations		
	Budget	Actual	Variance	Budget	Actual	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)
REVENUE						
Federal sources	\$ 31,505	\$ 31,201	\$ (304)	\$ -	\$ -	\$ -
State sources	-	-	-	29,809	29,809	-
Local sources						
Interest	-	-	-	-	-	-
On-behalf payments	-	-	-	-	495,394	495,394
Total revenue	<u>31,505</u>	<u>31,201</u>	<u>(304)</u>	<u>29,809</u>	<u>525,203</u>	<u>495,394</u>
EXPENDITURES						
Salaries	24,784	26,434	(1,650)	19,000	48,517	(29,517)
Benefits	720	1,393	(673)	4,958	5,141	(183)
Purchased services	2,000	987	1,013	5,000	18,717	(13,717)
Supplies and materials	3,016	2,387	629	251	8,025	(7,774)
Capital outlay	985	-	985	500	1,004	(504)
Miscellaneous	-	-	-	100	170	(70)
On-behalf payments	-	-	-	-	495,394	(495,394)
Total expenditures	<u>31,505</u>	<u>31,201</u>	<u>304</u>	<u>29,809</u>	<u>576,968</u>	<u>(547,159)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(51,765)</u>	<u>\$ (51,765)</u>
OTHER FINANCING SOURCES						
Transfers in		-			51,765	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-	
FUND BALANCE, BEGINNING OF YEAR		-			-	
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>-</u>		<u>\$ -</u>	<u>-</u>	

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 5
 (CONTINUED)

	<u>Teacher Quality</u>			<u>Teacher Quality - Leadership</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
			<u>Favorable</u> <u>(Unfavorable)</u>			<u>Favorable</u> <u>(Unfavorable)</u>
REVENUE						
Federal sources	\$ 478	\$ 478	\$ -	\$ 3,970	\$ 3,970	\$ -
State sources	-	-	-	-	-	-
Local sources						
Interest	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-
Total revenue	<u>478</u>	<u>478</u>	<u>-</u>	<u>3,970</u>	<u>3,970</u>	<u>-</u>
EXPENDITURES						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Purchased services	-	-	-	3,900	3,900	-
Supplies and materials	478	478	-	70	70	-
Capital outlay	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-
Total expenditures	<u>478</u>	<u>478</u>	<u>-</u>	<u>3,970</u>	<u>3,970</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES						
Transfers in		<u>-</u>			<u>-</u>	
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		<u>-</u>			<u>-</u>	
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>			<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ -</u>			<u>\$ -</u>	

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

SCHEDULE 6

	General Educational Development	School Bus Driver Training	Annexation and Sales Petition	Walmart Giving	Regional Work Study Local Funding	Total
ASSETS						
Cash and cash equivalents	\$ 15,433	\$ 3,283	\$ 1,871	\$ -	\$ -	\$ 20,587
Investments	23,314	12,458	-	-	-	35,772
Accounts receivable	-	64	-	-	-	64
TOTAL ASSETS	\$ 38,747	\$ 15,805	\$ 1,871	\$ -	\$ -	\$ 56,423
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
FUND BALANCES						
Restricted	38,747	15,805	1,871	-	-	56,423
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,747	\$ 15,805	\$ 1,871	\$ -	\$ -	\$ 56,423

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 7

	General Educational Development	School Bus Driver Training	Annexation and Sales Petition	Walmart Giving	Regional Work Study Local Funding	Total
REVENUES						
State sources	\$ -	\$ 1,191	\$ -	\$ -	\$ -	\$ 1,191
Local sources						
Fees for services	7,076	2,936	-	1,000	10,000	21,012
Interest	70	38	-	-	-	108
Total revenues	<u>7,146</u>	<u>4,165</u>	<u>-</u>	<u>1,000</u>	<u>10,000</u>	<u>22,311</u>
EXPENDITURES						
Salaries	-	-	-	-	9,845	9,845
Benefits	-	-	-	-	155	155
Purchased services	1,840	3,142	-	-	-	4,982
Supplies and materials	355	-	-	1,000	-	1,355
Total expenditures	<u>2,195</u>	<u>3,142</u>	<u>-</u>	<u>1,000</u>	<u>10,000</u>	<u>16,337</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,951	1,023	-	-	-	5,974
FUND BALANCES, BEGINNING OF YEAR	<u>33,796</u>	<u>14,782</u>	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>50,449</u>
FUND BALANCES, END OF YEAR	<u>\$ 38,747</u>	<u>\$ 15,805</u>	<u>\$ 1,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,423</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

SCHEDULE 8

	<u>Regional Safe School Meals</u>	<u>American College Testing Student Fees</u>	<u>Excellence in Education</u>	<u>School Improvement Coop Safety Net</u>	<u>Evaluation and Training</u>
ASSETS					
Cash and cash equivalents	\$ 4,413	\$ -	\$ 3,231	\$ 8	\$ 4,476
Investments	-	-	14,693	-	-
Accounts receivable/Interest receivable	124	-	-	-	-
Prepaid expenses	-	380	-	-	-
Due from other governmental units	-	-	-	1,000	-
TOTAL ASSETS	<u>4,537</u>	<u>380</u>	<u>17,924</u>	<u>1,008</u>	<u>4,476</u>
LIABILITIES					
Accounts payable and accrued expenses	-	-	-	-	-
Due to other funds	-	61	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Unrestricted	<u>\$ 4,537</u>	<u>\$ 319</u>	<u>\$ 17,924</u>	<u>\$ 1,008</u>	<u>\$ 4,476</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014**

**SCHEDULE 8
(CONTINUED)**

	<u>ParaPro</u>	<u>School Improvement Plan - LaSalle Co.</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 6,064	\$ -	\$ 1,063	\$ 13,851	\$ 33,106
Investments	-	-	-	-	14,693
Accounts receivable/Interest receivable	-	-	-	748	872
Prepaid expenses	-	-	-	-	380
Due from other governmental units	-	-	-	-	1,000
TOTAL ASSETS	<u>6,064</u>	<u>-</u>	<u>1,063</u>	<u>14,599</u>	<u>50,051</u>
LIABILITIES					
Accounts payable and accrued expenses	-	-	-	994	994
Due to other funds	-	-	-	-	61
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>994</u>	<u>1,055</u>
NET POSITION					
Unrestricted	<u>\$ 6,064</u>	<u>\$ -</u>	<u>\$ 1,063</u>	<u>\$ 13,605</u>	<u>\$ 48,996</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 9

	<u>Regional Safe School Meals</u>	<u>American College Testing Student Fees</u>	<u>Excellence in Education</u>	<u>School Improvement Coop Safety Net</u>	<u>Evaluation and Training</u>
OPERATING REVENUE					
Fees for services	\$ 1,638	\$ 4,320	\$ 26,386	\$ 14,615	\$ 12,850
OPERATING EXPENSES					
Salaries	-	-	-	11,250	1,000
Benefits	-	-	-	163	15
Purchased services	-	1,400	24,014	2,194	7,359
Supplies and materials	-	3,062	3,030	-	-
Miscellaneous	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total operating expenses	<u>-</u>	<u>4,462</u>	<u>27,044</u>	<u>13,607</u>	<u>8,374</u>
OPERATING INCOME (LOSS)	1,638	(142)	(658)	1,008	4,476
NONOPERATING REVENUE					
Interest	<u>-</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>-</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,638	(142)	(614)	1,008	4,476
OPERATING TRANSFERS					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	1,638	(142)	(614)	1,008	4,476
NET POSITION, BEGINNING OF YEAR	<u>2,899</u>	<u>461</u>	<u>18,538</u>	<u>-</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 4,537</u>	<u>\$ 319</u>	<u>\$ 17,924</u>	<u>\$ 1,008</u>	<u>\$ 4,476</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

**SCHEDULE 9
(CONTINUED)**

	<u>ParaPro</u>	<u>School Improvement Plan - LaSalle Co.</u>	<u>RSSP Student Activities</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
OPERATING REVENUE					
Fees for services	\$ 3,000	\$ -	\$ 1,147	\$ 10,623	\$ 74,579
OPERATING EXPENSES					
Salaries	-	-	-	4,851	17,101
Benefits	-	-	-	371	549
Purchased services	-	-	-	2,533	37,500
Supplies and materials	1,475	-	902	14	8,483
Miscellaneous	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total operating expenses	<u>1,475</u>	<u>-</u>	<u>902</u>	<u>7,769</u>	<u>63,633</u>
OPERATING INCOME (LOSS)	1,525	-	245	2,854	10,946
NONOPERATING REVENUE					
Interest	-	-	-	-	44
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,525	-	245	2,854	10,990
OPERATING TRANSFERS					
Transfers out	-	(11,430)	-	-	(11,430)
CHANGE IN NET POSITION	1,525	(11,430)	245	2,854	(440)
NET POSITION, BEGINNING OF YEAR	4,539	11,430	818	10,751	49,436
NET POSITION, END OF YEAR	<u>\$ 6,064</u>	<u>\$ -</u>	<u>\$ 1,063</u>	<u>\$ 13,605</u>	<u>\$ 48,996</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 10

	Regional Safe School Meals	American College Testing Student Fees	Excellence in Education	School Improvement Coop Safety Net	Evaluation and Training
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 2,412	\$ 4,320	\$ 26,386	\$ 13,615	\$ 12,850
Payments to employees	-	-	-	(11,250)	(1,000)
Payments to suppliers	-	(3,118)	(27,044)	(2,357)	(7,374)
Net cash provided by (used in) operating activities	<u>2,412</u>	<u>1,202</u>	<u>(658)</u>	<u>8</u>	<u>4,476</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:					
Repayments of loans from other funds	-	(1,202)	(4,000)	-	-
Transfers out	-	-	-	-	-
Net cash used in non capital financing activities	<u>-</u>	<u>(1,202)</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of investments	-	-	(44)	-	-
Interest	-	-	44	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,412	-	(4,658)	8	4,476
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,001</u>	<u>-</u>	<u>7,889</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,413</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,231</u></u>	<u><u>\$ 8</u></u>	<u><u>\$ 4,476</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,638	\$ (142)	\$ (658)	\$ 1,008	\$ 4,476
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets and liabilities:					
Accounts receivable	804	-	-	-	-
Prepaid expenses	-	1,344	-	-	-
Due from other governmental units	-	-	-	(1,000)	-
Accounts payable and accrued expenses	(30)	-	-	-	-
Net cash provided by (used in) operating activities	<u><u>\$ 2,412</u></u>	<u><u>\$ 1,202</u></u>	<u><u>\$ (658)</u></u>	<u><u>\$ 8</u></u>	<u><u>\$ 4,476</u></u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE 10
(CONTINUED)

	ParaPro	School Improvement Plan - LaSalle Co.	RSSP Student Activities	Criminal Background Investigation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 3,000	\$ -	\$ 1,147	\$ 9,875	\$ 73,605
Payments to employees	-	-	-	(4,851)	(17,101)
Payments to suppliers	(1,475)	-	(902)	(1,924)	(44,194)
Net cash provided by (used in) operating activities	1,525	-	245	3,100	12,310
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:					
Repayments of loans from other funds	-	-	-	-	(5,202)
Transfers out	-	(11,430)	-	-	(11,430)
Net cash used in non capital financing activities	-	(11,430)	-	-	(16,632)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of investments	-	-	-	-	(44)
Interest	-	-	-	-	44
Net cash provided by investing activities	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,525	(11,430)	245	3,100	(4,322)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,539	11,430	818	10,751	37,428
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,064	\$ -	\$ 1,063	\$ 13,851	\$ 33,106
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,525	\$ -	\$ 245	\$ 2,854	\$ 10,946
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets and liabilities:					
Accounts receivable	-	-	-	(748)	56
Prepaid expenses	-	-	-	-	1,344
Due from other governmental units	-	-	-	-	(1,000)
Accounts payable and accrued expenses	-	-	-	994	964
Net cash provided by (used in) operating activities	\$ 1,525	\$ -	\$ 245	\$ 3,100	\$ 12,310

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

SCHEDULE 11

	<u>Distributive</u>	<u>Payroll</u>	<u>MPW'S ROE/ISC Operations Grant</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 21	\$ 2	\$ -	\$ 23
LIABILITIES				
Due to other governmental units	\$ 21	\$ 2	\$ -	\$ 23

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 FIDUCIARY FUNDS

SCHEDULE 12

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 23,034	\$ 4,765,545	\$ 4,788,558	\$ 21
LIABILITIES				
Due to other governmental units	\$ 23,034	\$ 4,765,545	\$ 4,788,558	\$ 21
PAYROLL				
ASSETS				
Cash and cash equivalents	1	671,102	671,101	2
LIABILITIES				
Due to other governmental units	1	671,102	671,101	2
MPW'S ROE/ISC OPERATIONS GRANT				
ASSETS				
Cash and cash equivalents	-	25,956	25,956	-
Due from other governmental units	2,172	-	2,172	-
	<u>2,172</u>	<u>25,956</u>	<u>28,128</u>	<u>-</u>
LIABILITIES				
Due to other governmental units	<u>2,172</u>	<u>25,956</u>	<u>28,128</u>	<u>-</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 23,035	\$ 5,462,603	\$ 5,485,615	\$ 23
Due from other governmental units	2,172	-	2,172	-
	<u>\$ 25,207</u>	<u>\$ 5,462,603</u>	<u>\$ 5,487,787</u>	<u>\$ 23</u>
LIABILITIES				
Due to other governmental units	<u>\$ 25,207</u>	<u>\$ 5,462,603</u>	<u>\$ 5,487,787</u>	<u>\$ 23</u>

DISTRIBUTIVE FUND

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2014

Program	Code	LaSalle County ROE	LEASE	L-P Area Voc. Center	Grand Total
General State Aid	3001	\$ 246,564	\$ -	\$ -	\$ 246,564
Special Ed. - Personnel	3110	-	489,287	-	489,287
State Free Lunch & Breakfast	3360	588	420	-	1,008
Transportation - Regular and Vocational	3500	-	-	17,541	17,541
ROE School Bus Driver Training	3520	1,191	-	-	1,191
Truants Alternative/Optional Ed.	3695	75,796	-	-	75,796
Regional Safe Schools	3696	76,560	-	-	76,560
ROE/ISC Operations	3730	34,790	-	-	34,790
Technology - Learning Technology Centers	3780	6,190	-	-	6,190
National School Lunch Program	4210	17,719	12,717	-	30,436
School Breakfast Program	4220	10,821	8,380	-	19,201
Fresh Fruits and Vegetables	4240	-	1,574	-	1,574
Fed. - Sp. Ed. - Pre-School Flow Through	4600	-	155,012	-	155,012
Fed - Sp. Ed -IDEA - Flow through	4620	-	3,623,004	-	3,623,004
Title II - Teacher Quality	4932	478	-	-	478
Title II-Teacher Quality Leadership	4935	9,926	-	-	9,926
TOTAL		\$ 480,623	\$ 4,290,394	\$ 17,541	\$ 4,788,558