

**State of Illinois
SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
And OMB Circular A-133)
For the Year Ended June 30, 2015**

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
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SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
JUNE 30, 2015

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Mr. Jeff Vose

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Shannon Fehrholz

Office is located at:

2201 S. Dirksen Parkway
Springfield, IL 62703

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 JUNE 30, 2015

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	3
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	1	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2015-001	14a	Controls Over Financial Statement Preparation	Material Weakness
2015-002	14d	Financial Records	Material Weakness
2015-003	14e	Inadequate Internal Control Procedures	Material Weakness
2015-004	14f	Inadequate Internal Controls Over Compliance Requirements	Significant Deficiency/ Noncompliance

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

2015-004	14f	Inadequate Internal Controls Over Compliance Requirements	Significant Deficiency/ Noncompliance
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PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

14-002		Restricted Funds Used for Unauthorized Purpose	Material Weakness
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SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
JUNE 30, 2015

COMPLIANCE REPORT SUMMARY (Concluded)

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

N/A

N/A

N/A

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on January 8, 2016. Attending were Shawn Kaiser, Fiscal Manager; Matthew Price, Kemper CPA Group, LLP; Karen Bojda, Kemper CPA Group, LLP; and Phil Spencer, Kemper CPA Group, LLP. Responses to the recommendations were provided by Jeff Vose, Regional Superintendent, on September 12, 2016.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
JUNE 30, 2015

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Sangamon County Regional Office of Education #51 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #51's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sangamon County Regional Office of Education #51, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Sangamon County Regional Office of Education #51's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Sangamon County Regional Office of Education #51, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 15 to the financial statements, the Sangamon County Regional Office of Education #51 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 14, the Sangamon County Regional Office of Education #51 will consolidate Menard County into its educational service region effective July 1, 2015.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of Illinois Schedule of Employer Contributions, and Other Postemployment Benefits - Health Insurance Plan for Retired Employees Schedule of Funding Progress on pages 18a through 18f and 65 through 68 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 Sangamon County Regional Office of Education #51's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 October 25, 2016, on our consideration of the Sangamon County Regional Office of Education #51's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Sangamon County Regional Office of Education #51's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
October 25, 2016



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sangamon County Regional Office of Education #51, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Sangamon County Regional Office of Education #51's basic financial statements and have issued our report thereon dated October 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sangamon County Regional Office of Education #51's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sangamon County Regional Office of Education #51's internal control. Accordingly, we do not express an opinion on the effectiveness of Sangamon County Regional Office of Education #51's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, and 2015-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sangamon County Regional Office of Education #51'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004.

Sangamon County Regional Office of Education #51's Responses to Findings

Sangamon County Regional Office of Education #51's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sangamon County Regional Office of Education #51's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sangamon County Regional Office of Education #51's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sangamon County Regional Office of Education #51's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
October 25, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Sangamon County Regional Office of Education #51's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Regional Office of Education #51's major federal programs for the year ended June 30, 2015. The Sangamon County Regional Office of Education #51's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sangamon County Regional Office of Education #51's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sangamon County Regional Office of Education #51's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Sangamon County Regional Office of Education #51 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004. Our opinion on each major federal program is not modified with respect to this matter.

Sangamon County Regional Office of Education #51's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sangamon County Regional Office of Education #51's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Sangamon County Regional Office of Education #51 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sangamon County Regional Office of Education #51's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sangamon County Regional Office of Education #51's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004 that we consider to be a significant deficiency.

Sangamon County Regional Office of Education #51's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sangamon County Regional Office of Education #51's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
October 25, 2016

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
● Material weaknesses identified?	Yes
● Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major federal programs:	
● Material weaknesses identified?	None reported
● Significant deficiencies identified?	Yes
Type of auditors’ report issued on compliance for major federal programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	Yes
Identification of major federal programs:	

CFDA Number(s) 84.010A	Name of Federal Program or Cluster Title I - Grants to Local Educational Agencies (Title I – School Improvement and Accountability)
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Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	No

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeated from Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01)

Criteria/specific requirement:

The Regional Office of Education #51 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

The Regional Office of Education #51 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeated from Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01) (Continued)

During review of the Regional Office of Education #51's financial information prepared by the Regional Office of Education #51, the following was noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, unearned revenue, or capital outlay. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and capital outlay, not all entries were provided to reconcile the Regional Office of Education #51's grant activity, such as posting grant receivables and unearned revenue.
- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- Transactions that should have been recorded as interfund transfers were instead recorded as local revenue in the fund receiving the funds and as expenditures in the fund disbursing the funds.

Effect:

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

Cause:

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

Auditor's Recommendation:

- As part of internal control over the preparation of financial statements, the Regional Office of Education #51 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #51's activities and operations.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeated from Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01) (Concluded)

- The Regional Office should develop procedures to ensure that all necessary adjustments have been recorded in its accounting system to ensure the financial statements are presented in accordance with generally accepted accounting principles.
- The Regional Office should account for all interfund transfers as a transfer in for the fund that receives the money and a transfer out for the fund that disburses the money. If an actual transfer of cash is not involved, revenues and expenditures should be recorded in the fund that received the funding and incurred the cost, respectively.

Management's Response:

The Regional Office understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office of Education staff has a reasonable understanding of the financial statements and can determine that the information in the financial statements is accurate, however, they lack the ability to prepare the notes to the financial statements. The recommendation that “such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office’s activities and operations,” has been noted by this office. The Regional Office of Education #51 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that employees possess the knowledge required to compile the necessary GAAP based financial statements. The Regional Office of Education #51 accepts the auditors’ recommendations and has revised policies, procedures and/or practices to address the finding noted.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-002 – Financial Records

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

Condition:

The Regional Office initially presented auditors with a trial balance that was out of balance by \$505,829. After adjustments were made in the accounting software by the Regional Office's software support, the second trial balance presented to auditors was still out of balance by \$17,396.

Effect:

Lack of sufficient internal controls over the financial process of the Regional Office could result in unintentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

Cause:

According to Regional Office personnel, software issues concerning year-end closing entries caused the trial balances to be out of balance.

Auditor's Recommendation:

The Regional Office of Education #51 should develop internal control procedures to ensure financial records are accurate after conducting accounting software maintenance and prior to performing year-end closing procedures.

Management's Response:

The Regional Office of Education #51 accepts the auditor's recommendations and will implement policies and procedures to ensure that trial balances are in balance at yearend.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-003 – Inadequate Internal Control Procedures

Criteria/specific requirement:

The Regional Office must comply with grant accounting and reporting requirements established by grant agreements with the Illinois State Board of Education (ISBE) and other grantors, by ISBE's fiscal policies and procedures for grantees, and by statute. Among these requirements are timely submission of grant reports; accurate, current, and complete disclosure of grant financial activity; and returning any unexpended grant funding to ISBE within 45 days of the end of the grant period (Illinois Grant Funds Recovery Act, 30 ILCS 705/4).

Condition:

During review of the Regional Office of Education #51's financial information prepared by the Regional Office of Education #51, the following was noted:

- As of January 8, 2016, the final FY15 expenditure report for the Common Core program had not been submitted to ISBE.
- The Regional Office's general ledger did not support the June 30, 2014 grant expenditure report submitted to ISBE for the Common Core program.
- As of January 8, 2016, unspent grant funding from FY13 had not been returned to the grantor.

Effect:

The expenditure report submitted to ISBE did not accurately reflect actual grant expenditures, resulting in a failure to comply with the grant requirement for accurate, current, and complete disclosure of financial results. Failure to submit the grant expenditure report by the deadline and failure to return unspent grant funding within 45 days resulted in noncompliance with ISBE grant agreements and could result in State grant funding being frozen.

Cause:

The Regional Office of Education #51 has not established sufficient internal control procedures.

Auditor's Recommendation:

- The Regional Office should develop procedures to ensure that expenditure reports are submitted to granting agencies by their established due date.
- The Regional Office should ensure that all unspent grant funding is promptly returned to the granting agency.

Management's Response:

The Regional Office of Education #51 accepts the auditor's recommendations and will revise policies, procedures, and/or practices to address the finding noted.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-004 – Inadequate Internal Controls Over Compliance Requirements (Repeated from Finding 14-003)

Federal Program: Title I Grants to Local Educational Agencies

Project No.: 15-4331-SS

CFDA No.: 84.010

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain procedures into its operations to ensure compliance with the grant agreements with these entities.

Condition:

The following were noted during testing:

- Information provided to subrecipients did not include the CFDA number or total grant award paid to them.
- 1 of 4 (25%) of the grant's expenditure reports were submitted late to the grantor. Quarterly expenditure reports for grants passed through the Illinois State Board of Education are required to be submitted within 20 days of the end of the quarter.
- The general ledger did not support the expenditure reports submitted to the grantor.
- Individuals who worked only for the Title I – School Improvement and Accountability grant did not complete the required semi-annual certifications.
- A Cost Allocation Plan for indirect costs requires support through records and documentation of personnel time and effort information to substantiate the propriety of charges to the grant. Total administrative fees of \$21,965 were recorded based on the submitted budget; however, based on actual awards passed through to subrecipients, not all administrative fees recorded were allowed. In addition, there was no evidence of review by someone independent of the accounting function of the administrative fees charged to the grant.

Questioned Costs: \$16,503

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2015-004 – Inadequate Internal Controls over Compliance Requirements (Repeated from Finding 14-003) (Concluded)

Context:

- 13 subrecipients of the Title I – School Improvement and Accountability grant were awarded \$218,472 in total grant funding and were not notified by the Regional Office of the CFDA number or total individual grant award.
- The first quarterly expenditure report due October 20, 2014 was submitted to ISBE 71 days late.
- The general ledger balances used to construct each quarterly expenditure report did not agree to the quarterly expenditure reports submitted to the grantor. The final cumulative expenditure report presented expenditures that were \$17,169 less than the total expenditures in the general ledger, reducing the Regional Office’s potential grant reimbursements.
- 24 of 40 employees paid from the Title I – School Improvement and Accountability grant worked solely for this grant. None of the 24 employees furnished the semi-annual certification required by the grant.
- Title I – School Improvement and Accountability administrative fees of \$21,965 were recorded based on budgeted amounts; however, based on actual awards of \$218,472 passed through to subrecipients, only \$5,462 of administrative fees were allowed.

Effect:

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

Cause:

The Regional Office is in the second year of administering the grant and has not established sufficient internal control procedures to ensure compliance with grant requirements.

Auditor’s Recommendation:

The Regional Office should develop internal control procedures to ensure it adheres to all requirements set forth in grant agreements and the OMB Circular A-133 Compliance Supplement.

Management’s Response:

The Regional Office of Education #51 accepts the auditor’s recommendations and will revise policies, procedures, and/or practices to address the finding noted.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION III – FEDERAL AWARD FINDINGS

INSTANCES OF NONCOMPLIANCE:

Finding No 2015-004—(finding details on pages 14f-g)

SIGNIFICANT DEFICIENCIES:

NONE

MATERIAL WEAKNESSES:

Finding No 2015-004—(finding details on pages 14f-g)

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeated from Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01)

Condition:

The Regional Office of Education #51 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

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

During review of the Regional Office of Education #51's financial information prepared by the Regional Office of Education #51, the following was noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, unearned revenue, or capital outlay. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and capital outlay, not all entries were provided to reconcile the Regional Office of Education #51's grant activity, such as posting grant receivables and unearned revenue.
- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- Transactions that should have been recorded as interfund transfers were instead recorded as local revenue in the fund receiving the funds and as expenditures in the fund disbursing the funds.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeated from Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01) (Concluded)

Plan:

- As part of internal control over the preparation of financial statements, the Regional Office of Education #51 will implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures will be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #51's activities and operations.
- The Regional Office will develop procedures to ensure that all necessary adjustments have been recorded in its accounting system to ensure the financial statements are presented in accordance with generally accepted accounting principles.
- The Regional Office will account for all interfund transfers as a transfer in for the fund that receives the money and a transfer out for the fund that disburses the money. If an actual transfer of cash is not involved, revenues and expenditures will be recorded in the fund that received the funding and incurred the cost, respectively.

Anticipated Date of Completion:

Not Applicable

Contact Person Responsible for Corrective Action:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-002 – Financial Records

Condition:

The Regional Office initially presented auditors with a trial balance that was out of balance by \$505,829. After adjustments were made in the accounting software by the Regional Office's software support, the second trial balance presented to auditors was still out of balance by \$17,396.

Plan:

The Regional Office of Education #51 will develop internal control procedures to ensure financial records are accurate after conducting accounting software maintenance and prior to performing year-end closing procedures.

Anticipated Date of Completion:

June 30, 2016

Contact Person Responsible for Corrective Action:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-003 – Inadequate Internal Control Procedures

Condition:

During review of the Regional Office of Education #51's financial information prepared by the Regional Office of Education #51, the following was noted:

- As of January 8, 2016, the final FY15 expenditure report for the Common Core program had not been submitted to ISBE.
- The Regional Office's general ledger did not support the June 30, 2014 grant expenditure report submitted to ISBE for the Common Core program.
- As of January 8, 2016, unspent grant funding from FY13 had not been returned to the grantor.

Plan:

- The Regional Office will develop procedures to ensure that expenditure reports are submitted to granting agencies by their established due date.
- The Regional Office will ensure that all unspent grant funding is promptly returned to the granting agency.

Anticipated Date of Completion:

June 30, 2016

Contact Person Responsible for Corrective Action:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-004 – Inadequate Internal Controls Over Compliance Requirements (Repeated from Finding 14-003)

Condition:

The following were noted during testing:

- Information provided to subrecipients did not include the CFDA number or total grant award paid to them.
- 1 of 4 (25%) of the grant's expenditure reports were submitted late to the grantor. Quarterly expenditure reports for grants passed through the Illinois State Board of Education are required to be submitted within 20 days of the end of the quarter.
- The general ledger did not support the expenditure reports submitted to the grantor.
- Individuals who worked only for the Title I – School Improvement and Accountability grant did not complete the required semi-annual certifications.
- A Cost Allocation Plan for indirect costs requires support through records and documentation of personnel time and effort information to substantiate the propriety of charges to the grant. Total administrative fees of \$21,965 were recorded based on the submitted budget; however, based on actual awards passed through to subrecipients, not all administrative fees recorded were allowed. In addition, there was no evidence of review by someone independent of the accounting function of the administrative fees charged to the grant.

Plan:

- The Regional Office will review all requirements of a grant to ensure that all necessary Federal award information has been provided to the subrecipients of the grant upon award of the grant.
- The Regional Office will develop procedures to ensure that required reporting to the grantor is completed in a timely manner.
- The Regional Office will implement procedures to ensure that general ledger reports used to construct expenditure reports are accurate and current prior to submission.
- The Regional Office will develop procedures to ensure all Title I – School Improvement and Accountability employees complete all required certifications.
- The Regional Office will develop procedures to ensure that all administrative fees recognized are allowed expenses. The Cost Allocation Plan will also be reviewed by an individual independent of the accounting function.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Corrective Action Plan

Finding No. 2015-004 – Inadequate Internal Controls Over Compliance Requirements (Repeated from Finding 14-003) (Concluded)

Anticipated Date of Completion:

June 30, 2016

Contact Person Responsible for Corrective Action:

Honorable Jeff Vose, Regional Superintendent of Schools

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
14-001	Controls Over Financial Statement Preparation	Repeated
14-002	Restricted Funds Used for Unauthorized Purpose	Corrected
14-003	Inadequate Internal Control Procedures Over Compliance Requirements	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The Sangamon County Regional Office of Education #51 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2015 activity, making comparisons of the financial position and results of operations more meaningful.

Financial Highlights

- General Fund revenues decreased slightly from \$1,510,289 in fiscal year 2014 to \$1,470,049 in fiscal year 2015, while the expenditures also decreased from \$1,803,297 in fiscal year 2014 to \$1,512,507 in fiscal year 2015. The Regional Office experienced a decrease in the General Fund fund balance from \$631,994 in fiscal year 2014 to \$606,797 in fiscal year 2015. This was a result of decreased on-behalf revenues and expenses recognized in FY15.
- The Education Fund balance increased from \$133,142 in fiscal year 2014 to \$208,856 in fiscal year 2015. Education Fund revenues increased from \$2,681,613 in fiscal year 2014 to \$2,705,455 in fiscal year 2015, and expenditures increased from \$2,564,310 in fiscal year 2014 to \$2,624,433 in fiscal year 2015 primarily due to an increase in federal sources.
- Proprietary Fund revenues increased from \$68,778 in fiscal year 2014 to \$122,449 in fiscal year 2015, while the expenditures decreased from \$77,090 in fiscal year 2014 to \$73,980 in fiscal year 2015. The Regional Office experienced an increase in the Proprietary Fund fund balance from \$24,539 in fiscal year 2014 to \$73,008 in fiscal year 2015. This was a result of an increase in the number of workshops offered and the number of background checks completed.

Using This Annual Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Reporting the Agency as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office established other funds to control and manage money for particular purposes.

The Regional Office has three types of fund classifications:

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

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 services for which the Regional Office charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

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

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Reporting the Agency as a Whole (Concluded)

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

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

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements follows the governmental fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's net position at the end of fiscal year 2014 totaled \$1,036,806. At the end of fiscal year 2015, the net position was \$517,071. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2015 and 2014.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 1,330,409	\$ 1,736,161	\$ 77,808	\$ 26,012	\$ 1,408,217	\$ 1,762,173
Capital Assets, net	19,780	9,635	-	619	19,780	10,254
Total Assets	<u>1,350,189</u>	<u>1,745,796</u>	<u>77,808</u>	<u>26,631</u>	<u>1,427,997</u>	<u>1,772,427</u>
Deferred Outflows of Resources	<u>3,697,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,697,893</u>	<u>-</u>
Current Liabilities	237,642	733,529	4,800	2,092	242,442	735,621
Noncurrent Liabilities	4,163,982	-	-	-	4,163,982	-
Total Liabilities	<u>4,401,624</u>	<u>733,529</u>	<u>4,800</u>	<u>2,092</u>	<u>4,406,424</u>	<u>735,621</u>
Deferred Inflows of Resources	<u>202,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,395</u>	<u>-</u>
Net Position						
Investment in Capital Assets	19,780	9,635	-	619	19,780	10,254
Restricted - Other	375,405	370,638	-	-	375,405	370,638
Unrestricted	48,878	631,994	73,008	23,920	121,886	655,914
Total Net Position	<u>\$ 444,063</u>	<u>\$ 1,012,267</u>	<u>\$ 73,008</u>	<u>\$ 24,539</u>	<u>\$ 517,071</u>	<u>\$ 1,036,806</u>

Government-Wide Financial Analysis (Continued)

The Regional Office's net position decreased by \$519,735 from fiscal year 2014 to fiscal year 2015.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

CHANGES IN NET POSITION						
For the Years Ended June 30, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 122,449	\$ 68,778	\$ 122,449	\$ 68,778
Operating grants & contributions	1,657,182	1,936,854	-	-	1,657,182	1,936,854
General revenues:						
Transfers in (out)	-	100	-	(100)	-	-
Local sources	2,426,396	2,099,020	-	-	2,426,396	2,099,020
State sources	50,120	60,369	-	-	50,120	60,369
On-behalf payments	1,012,781	797,351	-	-	1,012,781	797,351
Interest	12,329	(313)	-	-	12,329	(313)
Total revenues	5,158,808	4,893,381	122,449	68,678	5,281,257	4,962,059
Expenses:						
Program expenses:						
Instructional services:						
Salaries & benefits	2,579,034	2,599,861	20,731	40,355	2,599,765	2,640,216
Purchased services	660,977	835,537	49,900	32,014	710,877	867,551
Supplies & materials	48,303	79,505	1,860	1,969	50,163	81,474
Other objects	611	3,206	870	370	1,481	3,576
Payments to other governments	435,700	671,854	-	-	435,700	671,854
Depreciation	4,666	2,599	619	2,382	5,285	4,981
Pension expense	1,173,789	-	-	-	1,173,789	-
On-behalf payments	1,012,781	797,351	-	-	1,012,781	797,351
Business-type expenses	-	-	-	-	-	-
Total expenses	5,915,861	4,989,913	73,980	77,090	5,989,841	5,067,003
Change in net position	(757,053)	(96,532)	48,469	(8,412)	(708,584)	(104,944)
Net position, beginning of year, Restated	1,201,116	1,108,799	24,539	32,951	1,225,655	1,141,750
Net position, end of year	\$ 444,063	\$ 1,012,267	\$ 73,008	\$ 24,539	\$ 517,071	\$ 1,036,806

Government-Wide Financial Analysis (Concluded)

Governmental Activities

Revenues for governmental activities were \$5,158,808 and expenses were \$5,915,861. The increase in revenues and expenses is due to an increase in on-behalf revenues and the recognition of pension expense in fiscal year 2015.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the Regional Office Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$1,092,767.

Governmental Fund Highlights

- County support for the Regional Office increased from 2014 to 2015.
- Although grant funding decreased due to budget constraints, the Regional Office was successful in obtaining continued funding for the Truants Alternative and Optional Education and the Regional Safe Schools Programs.
- The State of Illinois financial deficit continues to reflect negatively in the ability of the Regional Office to obtain grants necessary for stable or continued growth; however, the Regional Office continues to cooperate with the Illinois State Board of Education and other agencies to procure funding for education programs.

Proprietary Fund Highlights

Revenues for the Regional Office's business-type activities and expenses combined for a total net position balance of \$73,008. The Regional Office is committed to providing quality professional development opportunities for Sangamon County teachers, at a reasonable cost, while maintaining the integrity of the fund. The SDC Workshop Fund is designed to be self-supporting by setting fee schedules that will support expenses incurred to provide professional development workshops for area teachers. Fees will be adjusted from year to year to parallel fund activity. The Regional Office also continues to provide background checks/fingerprinting services for new hires and all substitute teachers in the County schools. This activity is recorded in the Background Check Fund.

Budgetary Highlights

The Regional Office annually adopts budgets for several funds when required by the granting agency. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board members for their approval. The Sangamon County Office Operations Budget covers a fiscal year of December 1 through November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information of this report.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Capital Assets

Capital assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office's ending net capital asset balance for fiscal year 2015 is \$19,780, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 9 to the financial statements.

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 significantly affect its financial health in the future:

- The interest rate on investments remains low and will continue to impact interest earned but the Regional Office increased investment return by changing banking institutions.
- Several grants have remained near or at previous funding levels, including the School Services funding, which provides professional development opportunities to Sangamon County teachers.
- The State of Illinois financial crisis results in cuts to State programs and significant delays in payments.
- County Board support of the Regional Office will remain consistent for fiscal year 2016.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate 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 Sangamon County Regional Office of Education #51, at 2201 S Dirksen Pkwy, Springfield, IL 62703.

BASIC FINANCIAL STATEMENTS

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 488,578	\$ -	\$ 488,578
Accounts receivable	125,764	-	125,764
Investments	307,107	-	307,107
Due (to) from other funds	(64,487)	64,487	-
Due from other governments:			
Local	149,143	13,321	162,464
State	93,711	-	93,711
Federal	230,593	-	230,593
Total Current Assets	<u>1,330,409</u>	<u>77,808</u>	<u>1,408,217</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	19,780	-	19,780
TOTAL ASSETS	<u>1,350,189</u>	<u>77,808</u>	<u>1,427,997</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,697,893	-	3,697,893
LIABILITIES			
Current Liabilities:			
Accounts payable	42,523	4,800	47,323
Accrued payroll and benefits	67,008	-	67,008
Due to other governments:			
Local	85,985	-	85,985
State	27,550	-	27,550
Federal	14,576	-	14,576
Total Current Liabilities	<u>237,642</u>	<u>4,800</u>	<u>242,442</u>
NONCURRENT LIABILITIES			
Liability for compensated absences	13,700	-	13,700
Net pension liability	4,150,282	-	4,150,282
Total Noncurrent Liabilities	<u>4,163,982</u>	<u>-</u>	<u>4,163,982</u>
TOTAL LIABILITIES	<u>4,401,624</u>	<u>4,800</u>	<u>4,406,424</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	202,395	-	202,395
NET POSITION			
Investment in capital assets	19,780	-	19,780
Restricted - other	375,405	-	375,405
Unrestricted	48,878	73,008	121,886
TOTAL NET POSITION	<u>\$ 444,063</u>	<u>\$ 73,008</u>	<u>\$ 517,071</u>

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 2,579,034	\$ -	\$ 856,290	\$ (1,722,744)	\$ -	\$ (1,722,744)
Purchased services	660,977	-	336,290	(324,687)	-	(324,687)
Supplies and materials	48,303	-	14,089	(34,214)	-	(34,214)
Other objects	611	-	2	(609)	-	(609)
Depreciation expense	4,666	-	-	(4,666)	-	(4,666)
Capital outlay	-	-	14,811	14,811	-	14,811
Payments to other governments	435,700	-	435,700	-	-	-
Pension expense (income)	1,173,789	-	-	(1,173,789)	-	(1,173,789)
Administrative:						
On-behalf payments - Local	235,246	-	-	(235,246)	-	(235,246)
On-behalf payments - State	777,535	-	-	(777,535)	-	(777,535)
Total Governmental Activities	<u>5,915,861</u>	<u>-</u>	<u>1,657,182</u>	<u>(4,258,679)</u>	<u>-</u>	<u>(4,258,679)</u>
Business-Type Activities:						
Service fees	73,980	122,449	-	-	48,469	48,469
Total Business-Type Activities	<u>73,980</u>	<u>122,449</u>	<u>-</u>	<u>-</u>	<u>48,469</u>	<u>48,469</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,989,841</u>	<u>\$ 122,449</u>	<u>\$ 1,657,182</u>	<u>(4,258,679)</u>	<u>48,469</u>	<u>(4,210,210)</u>
GENERAL REVENUES:						
Local sources				2,426,396	-	2,426,396
State sources				50,120	-	50,120
On-behalf payments - Local				235,246	-	235,246
On-behalf payments - State				777,535	-	777,535
Investment earnings				14,636	-	14,636
Net decrease in the fair value of investments				(2,307)	-	(2,307)
Total General Revenues				<u>3,501,626</u>	<u>-</u>	<u>3,501,626</u>
CHANGE IN NET POSITION				(757,053)	48,469	(708,584)
NET POSITION - BEGINNING, RESTATED (See Note 15)				<u>1,201,116</u>	<u>24,539</u>	<u>1,225,655</u>
NET POSITION - ENDING				<u>\$ 444,063</u>	<u>\$ 73,008</u>	<u>\$ 517,071</u>

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Institute	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 285,839	\$ 108,965	\$ 93,774	\$ -	\$ 488,578
Accounts receivable	-	-	125,764	-	-	125,764
Investments	307,107	-	-	-	-	307,107
Due from other funds	334,457	-	100,052	-	(434,509)	-
Due from other governments:						
Local	147,417	-	-	1,726	-	149,143
State	-	-	93,711	-	-	93,711
Federal	-	-	230,593	-	-	230,593
TOTAL ASSETS	<u>\$ 788,981</u>	<u>\$ 285,839</u>	<u>\$ 659,085</u>	<u>\$ 95,500</u>	<u>\$ (434,509)</u>	<u>\$ 1,394,896</u>
LIABILITIES						
Accounts payable	\$ 6,800	\$ 381	\$ 33,225	\$ 2,117	\$ -	\$ 42,523
Accrued payroll and benefits	38,499	-	28,509	-	-	67,008
Due to other funds	119,513	-	346,369	33,114	(434,509)	64,487
Due to other governments:						
Local	17,372	-	-	68,613	-	85,985
State	-	-	27,550	-	-	27,550
Federal	-	-	14,576	-	-	14,576
Total Liabilities	<u>182,184</u>	<u>381</u>	<u>450,229</u>	<u>103,844</u>	<u>(434,509)</u>	<u>302,129</u>
FUND BALANCE (DEFICIT)						
Restricted	-	285,458	98,291	23,685	-	407,434
Assigned	320,755	-	-	-	-	320,755
Unassigned	286,042	-	110,565	(32,029)	-	364,578
Total Fund Balance (Deficit)	<u>606,797</u>	<u>285,458</u>	<u>208,856</u>	<u>(8,344)</u>	<u>-</u>	<u>1,092,767</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 788,981</u>	<u>\$ 285,839</u>	<u>\$ 659,085</u>	<u>\$ 95,500</u>	<u>\$ (434,509)</u>	<u>\$ 1,394,896</u>

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 JUNE 30, 2015

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS \$ 1,092,767

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 19,780

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:

Deferred outflows of resources	\$ 3,697,893	
Deferred inflows of resources	<u>(202,395)</u>	3,495,498

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

Liability for compensated absences	\$ (13,700)	
IMRF net pension liability	(123,141)	
TRS net pension liability	<u>(4,027,141)</u>	<u>(4,163,982)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 444,063

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Institute	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 581,811	\$ 73,890	\$ 1,375,907	\$ 394,788	\$ -	\$ 2,426,396
On-behalf payments - Local	235,246	-	-	-	-	235,246
State sources	376,314	-	576,756	1,440	-	954,510
On-behalf payments - State	276,678	-	-	-	-	276,678
Federal sources	-	-	752,792	-	-	752,792
Total Revenues	<u>1,470,049</u>	<u>73,890</u>	<u>2,705,455</u>	<u>396,228</u>	<u>-</u>	<u>4,645,622</u>
EXPENDITURES						
Instructional Services:						
Salaries and benefits	776,555	21,795	1,551,626	215,358	-	2,565,334
Pension expense	15,648	-	295,870	18,638	-	330,156
Purchased services	188,282	24,154	330,234	118,307	-	660,977
Supplies and materials	18,567	2,765	9,861	17,110	-	48,303
Other objects	466	-	2	143	-	611
Payments to other governments	-	-	435,700	-	-	435,700
On-behalf payments - Local	235,246	-	-	-	-	235,246
On-behalf payments - State	276,678	-	-	-	-	276,678
Capital outlay	1,065	-	1,140	12,606	-	14,811
Total Expenditures	<u>1,512,507</u>	<u>48,714</u>	<u>2,624,433</u>	<u>382,162</u>	<u>-</u>	<u>4,567,816</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(42,458)</u>	<u>25,176</u>	<u>81,022</u>	<u>14,066</u>	<u>-</u>	<u>77,806</u>
OTHER FINANCING SOURCES (USES):						
Transfer in	39,104	-	27,973	-	(67,077)	-
Transfer out	(33,565)	-	(33,512)	-	67,077	-
Interest	14,029	376	231	-	-	14,636
Net decrease in the fair value of investments	(2,307)	-	-	-	-	(2,307)
Total Other Financing Sources (Uses)	<u>17,261</u>	<u>376</u>	<u>(5,308)</u>	<u>-</u>	<u>-</u>	<u>12,329</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>(25,197)</u>	<u>25,552</u>	<u>75,714</u>	<u>14,066</u>	<u>-</u>	<u>90,135</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>631,994</u>	<u>259,906</u>	<u>133,142</u>	<u>(22,410)</u>	<u>-</u>	<u>1,002,632</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 606,797</u>	<u>\$ 285,458</u>	<u>\$ 208,856</u>	<u>\$ (8,344)</u>	<u>\$ -</u>	<u>\$ 1,092,767</u>

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 90,135

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

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

Capital outlay	\$ 14,811	
Depreciation expense	<u>(4,666)</u>	10,145

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

Changes in compensated absences	\$ (13,700)	
Pension contributions	330,156	
Cost of benefits earned, net	<u>(1,173,789)</u>	<u>(857,333)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (757,053)

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
ASSETS		
Due from other funds	\$ 64,487	\$ 64,487
Due from other governments:		
Local	13,321	13,321
TOTAL ASSETS	77,808	77,808
LIABILITIES		
Accounts payable	4,800	4,800
TOTAL LIABILITIES	4,800	4,800
NET POSITION		
Unrestricted	73,008	73,008
TOTAL NET POSITION	\$ 73,008	\$ 73,008

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
OPERATING REVENUES		
Charges for services	\$ 122,449	\$ 122,449
Total Operating Revenues	122,449	122,449
OPERATING EXPENSES		
Salaries and benefits	20,731	20,731
Purchased services	49,900	49,900
Supplies and materials	1,860	1,860
Other objects	870	870
Depreciation expense	619	619
Total Operating Expenses	73,980	73,980
CHANGE IN NET POSITION	48,469	48,469
TOTAL NET POSITION - BEGINNING	24,539	24,539
TOTAL NET POSITION - ENDING	\$ 73,008	\$ 73,008

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Totals
Cash flows from operating activities:		
Receipts from customers	\$ 111,658	\$ 111,658
Payments to suppliers and providers of goods and services	(49,721)	(49,721)
Payments to employees	(20,932)	(20,932)
Net cash provided by operating activities	41,005	41,005
Cash flows from noncapital financing activities:		
Increase in interfund borrowing, net	(41,005)	(41,005)
Net cash used for noncapital financing activities	(41,005)	(41,005)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents - Beginning	-	-
Cash and cash equivalents - Ending	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 48,469	\$ 48,469
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in due from other governments	(10,791)	(10,791)
Depreciation expense	619	619
Increase in accounts payable	2,909	2,909
Decrease in accrued payroll and benefits	(201)	(201)
Net cash provided by operating activities	\$ 41,005	\$ 41,005

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 141,276
TOTAL ASSETS	\$ 141,276
 LIABILITIES	
Due to other governments	\$ 141,276
TOTAL LIABILITIES	\$ 141,276

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2015, the Regional Office of Education #51 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Regional Office of Education #51 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position includes a liability for the government's proportionate share of the employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through October 25, 2016, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2015, the Regional Office of Education #51 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #51. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

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

The Regional Office of Education #51 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #51 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The Regional Office of Education #51's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #51 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #51's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

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

Under the terms of grant agreements, Sangamon County Regional Office of Education #51 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #51’s policy to first apply restricted funds to such programs, then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #51 has presented all major funds that met the above qualifications.

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

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

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

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

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

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

General Education Development (GED) Holistic Scoring – The Regional Office provides scoring services for the written essay portion of the GED tests.

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

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

Institute Fund – The Teacher Institute Fund accounts for teacher license fees. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of licenses as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

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

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

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

Common Core Statewide Initiatives – This program develops the Common Core, a set of clear college and career ready standards for Kindergarten through 12th grade in English language arts/literacy and mathematics. The standards are designed to ensure that students graduating from high school are prepared to take credit bearing courses in a two or four year college program or enter the work force.

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

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

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

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

Math and Science Initiatives – The Regional Office of Education contracts with ISBE to provide staff support for Statewide education initiatives supported by the Illinois Mathematics and Science Partnership Program and Enhancing Education Through Technology program as well as other ISBE initiatives.

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

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

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

ISBE Initiatives – The Regional Office of Education contracts with ISBE to provide staff support for Statewide education initiatives supported by the Illinois Mathematics and Science Partnership Program and Enhancing Education Through Technology program as well as other ISBE initiatives.

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

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

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

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

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

PROPRIETARY FUNDS

Proprietary Funds – The Proprietary Funds account for revenues and expenses related to services provided to organizations inside the region on a cost-reimbursement basis. The Regional Office of Education #51 reports the following proprietary funds:

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

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

FIDUCIARY FUNDS

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Agency Funds (Concluded)

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

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

Special Education Non-Public Conference – The Regional Office acts as the fiscal agent for the Annual Conference on Best Practices and Guidelines for Non-Public Special Education Programs hosted by the Illinois State Board of Education.

Illinois Science Teachers Association – The Regional Office of Education for Sangamon-Menard County serves as the fiscal agent for the Illinois Presidential Awards for Excellence in Mathematics and Science Teaching (PAEMST) Awards and Recruitment event. This event is sponsored by the Illinois Science Teachers Association and the National Science Foundation on behalf of the White House Office of Science and Technology Policy.

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

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

Land Transfer – A person wishing to send their children to another school district can petition the Regional Board of Trustees to detach their property from one district and annex it to another. The petitioner is required to pay for this process and this fund tracks the money they pay to the office.

I. GOVERNMENTAL FUND BALANCES

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #51 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following accounts’ fund balances are restricted by grant agreements or contracts: State and Federal School Breakfast and Lunch, ISBE Special Initiatives Program, and Principal Preparation and Evaluation. The following funds are restricted by Illinois Statute: Institute Fund, Bus Driver Training, and Cook County General Education Development funds.

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

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

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Local, Administrative Discretionary, Continuum of Learning, and WestEd. The following Education Fund account has unassigned fund balance: Reading Initiative. The following Nonmajor Special Revenue Fund has an unassigned fund balance: General Education Development Certificate.

J. NET POSITION

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

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

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

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

L. ESTIMATES

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

M. CAPITAL ASSETS

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

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

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

N. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (Concluded)

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

O. COMPENSATED ABSENCES

Noncertified and certified employees who work 12 calendar months can earn up to 20 vacation days for a full year of service. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Because salaries are grant funded from year to year, all vacation time must be used before the end of the fiscal year. An employee may request that a maximum of five days of unused vacation be carried over to the next fiscal year. For the year ended June 30, 2015, the liability for unused vacation days was \$13,700, and is shown on the Statement of Net Position.

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

P. BUDGET INFORMATION

The Regional Office of Education #51 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Area III – Homeless Liaison Project, Sangamon County Truants Alternative Optional Education Program, Common Core Statewide Initiatives, Title I – School Improvement and Accountability, Title II – Teacher Quality, Title II – Teacher Quality – Leadership, and ROE/ISC Operations.

NOTE 2 – CASH

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH (CONTINUED)

A. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education #51's government-wide and Agency fund deposits were \$488,578 and \$141,276, respectively, and the bank balances were \$535,207 and \$167,151, respectively. Of the total bank balances as of June 30, 2015, \$250,000 was insured by Federal Depository Insurance Corporation, \$42,363 was invested in the Illinois Funds Money Market Fund, and \$409,995 was collateralized by securities pledged by the Regional Office of Education #51's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education #51's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #51's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #51.

B. INVESTMENTS

The Regional Office of Education #51's policy is to invest solely in investments authorized by 30 ILCS 235/2 and 6 and 105 ILCS 5/8-7. As noted above, the Regional Office of Education #51 had \$42,363 invested in the Illinois Funds Money Market Fund at June 30, 2015. This amount is included in the cash and cash equivalents reported in the financial statements. The Regional Office of Education #51 also had investments with a carrying value of \$307,107 invested in money market funds and municipal bonds with a local financial institution. This amount is reported as investments in the financial statements.

As of June 30, 2015, the Regional Office of Education #51 had the following investments with the following maturities. The fair value of these investments is measured using quoted market prices.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH (CONTINUED)

B. INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Year of Maturity</u>
U.S. Agency Obligations	\$ 58,881	2038
Municipal Bond Obligations	15,881	2019
Municipal Bond Obligations	52,247	2020
Municipal Bond Obligations	20,186	2020
Municipal Bond Obligations	26,986	2023
Municipal Bond Obligations	39,601	2023
Municipal Bond Obligations	5,134	2023
Municipal Bond Obligations	20,026	2023
Municipal Bond Obligations	58,830	2025
Total Debt Securities	297,772	
Money Market Funds	9,335	
Total Investments	\$ 307,107	

CREDIT RISK

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

The following table presents the quality ratings of debt securities held by the Regional Office of Education #51 as of June 30, 2015.

<u>Investment Type</u>	<u>Moody's Quality Rating</u>	<u>Fair Value</u>
Municipal Bond Obligations	AA	\$ 238,891
U.S. Agency Obligations	Not rated	58,881
Total Debt Securites		\$ 297,772

CONCENTRATION OF CREDIT RISK

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH (CONCLUDED)

B. INVESTMENTS (Concluded)

INTEREST RATE RISK

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

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #51's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #51's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	5
Inactive Plan Members entitled to but not yet receiving benefits	15
Active Plan Members	14
Total	34

Contributions

As set by statute, the Regional Office of Education #51’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #51’s annual contribution rate for calendar year 2014 was 10.46%. For the calendar year ended 2014, the Regional Office of Education #51 contributed \$38,773 to the plan. The Regional Office of Education #51 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #51’s net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Single Discount Rate

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2013	\$ 1,158,211	\$ 1,149,379	\$ 8,832
Changes for the year:			
Service Cost	49,322	-	49,322
Interest on the Total Pension Liability	87,963	-	87,963
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	42,222	-	42,222
Changes of Assumptions	46,271	-	46,271
Contributions - Employer	-	38,773	(38,773)
Contributions - Employees	-	16,681	(16,681)
Net Investment Income	-	56,764	(56,764)
Benefit Payments, including Refunds of Employee Contributions	(20,296)	(20,296)	-
Other (Net Transfer)	-	(749)	749
Net Changes	205,482	91,173	114,309
Balances at December 31, 2014	\$ 1,363,693	\$ 1,240,552	\$ 123,141

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 354,202	\$ 123,141	\$ (61,161)

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

For the year ending June 30, 2015, the Regional Office of Education #51 recognized pension expense of \$58,804. At June 30, 2015, the Regional Office of Education #51 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 33,344	\$ -
Changes of assumptions	36,542	-
Net difference between projected and actual earnings on pension plan investments	24,392	-
Total Deferred Amounts to be recognized in pension expense in future periods	94,278	-
Pension Contributions made subsequent to the Measurement Date	32,702	-
Total Deferred Amounts Related to Pensions	\$ 126,980	\$ -

\$32,702 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

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REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 24,705
2016	24,705
2017	24,705
2018	20,163
2019	-
Thereafter	-
Total	\$ 94,278

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

The Regional Office of Education #51 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration.

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

Benefits provided

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #51.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #51. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education #51 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #51, and the Regional Office of Education #51 recognized revenue and expenditures of \$500,857 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$8,349, and are deferred because they were paid after the June 30, 2014, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #51, there is a statutory requirement for the Regional Office of Education #51 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since 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, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$830,344 were paid from federal and special trust funds that required employer contributions of \$276,284. These contributions are deferred because they were paid after the June 30, 2014, measurement date.

SANGAMON COUNTY
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 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

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

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #51 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education #51 paid no employer ERO contributions.

The Regional Office of Education #51 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education #51 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

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

At June 30, 2015, the Regional Office of Education #51 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$ 4,027,141
State’s proportionate share of the net pension liability associated with the employer	<u>6,221,007</u>
Total	<u>\$ 10,248,148</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education #51’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education #51’s proportion was .0066172458 percent.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education #51’s proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #51’s share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer’s proportion was .0001027484 percent.

For the year ended June 30, 2015, the Regional Office of Education #51 recognized pension expense of \$500,857 and revenue of \$500,857 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education #51 recognized pension expense of \$1,114,985. At June 30, 2015, the Regional Office of Education #51 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,127	\$ -
Net difference between projected and actual earnings on pension plan investments	-	202,395
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,284,152	-
Employer contributions subsequent to the measurement date	284,634	-
Total	\$ 3,570,913	\$ 202,395

\$284,634 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 747,042
2017	747,042
2018	747,042
2019	747,042
2020	98,716
	\$ 3,086,884

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Actuarial assumptions

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

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

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

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

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

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

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

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

Discount Rate

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

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

Sensitivity of the Regional Office of Education #51’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education #51’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 4,973,322	\$ 4,027,141	\$ 3,243,596

TRS fiduciary net position

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

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

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

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

On-behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #51. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$14,650, and the Regional Office of Education #51 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #51 employees were \$11,612 and \$3,280, respectively.

Employer contributions to the THIS Fund. The Regional Office of Education #51 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015, and 0.72 and 0.69 percent during the years ended June 30, 2014 and 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education #51 paid \$10,916 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and 2013, the Regional Office paid \$8,619 and \$2,460 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE

The Regional Office of Education #51 provides other limited health care insurance coverage for its eligible retired employees. The Governmental Accounting Standards Board (GASB) issued Statements No. 43 and 45 that established generally accepted accounting principles for the annual financial statement for postemployment benefit plans other than pension plans. GASB Statement No. 45 is implemented prospectively. The required information is as follows:

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

Membership in the plan consisted of the following as of:

	<u>June 30, 2014</u>
Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	5
Active nonvested plan members	<u>21</u>
Total	<u><u>26</u></u>
Number of participating employers	<u><u>1</u></u>

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	<u>June 30, 2014</u>
Annual required contribution	\$ 2,342
Interest on net OPEB obligation	93
Adjustment to annual required contribution	<u>(75)</u>
Annual OPEB cost	2,360
Contributions made	<u>-</u>
Increase (decrease) in net OPEB obligation	2,360
Net OPEB obligation beginning of year	<u>2,326</u>
Net OPEB obligation end of year	<u><u>\$ 4,686</u></u>

The net OPEB obligation of \$4,686 has not been recorded as a liability in the Regional Office of Education #51's accounting records.

THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 2,360	0.00%	\$ 4,686
6/30/2013	-	-	2,326
6/30/2012	-	-	-

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

ANNUAL REQUIRED CONTRIBUTION

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Service cost	\$ 2,718	\$ 1,760
Amortization	728	470
Interest	138	112
Annual required contribution	<u>\$ 3,584</u>	<u>\$ 2,342</u>

FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The last actuarial valuation was completed on June 30, 2011. The Net OPEB Obligation has been updated through June 30, 2014. The Investment Rate of Return and Projected Salary Increases Assumptions have been reduced to 4.0% from 5.0%. The Healthcare Inflation Rate Assumption has been reduced to 7.5% from 8.0% (initial) and to 5.5% from 6.0% (ultimate). The current premiums have increased 12.2%.

Contribution rates:

Employer	
Plan members	0.00%
Actuarial valuation date	6/30/2014
Actuarial cost method	Entry age
Amortization period	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return*	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	7.50% initial, 5.50% ultimate (0.5% reduction per year)
Mortality, turnover, disability, retirement ages	Same rates utilized for IMRF
Active utilization rate:	20%
Employer provided benefit	Explicit: None Implicit: 50% of premium to age 65 (50% of \$481/mo + 50% of \$962/mo)
* Includes inflation at	3.00%

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

GASB 45 SUMMARY AS OF JUNE 30, 2014

<u>Division</u>	<u>Service Cost</u>	<u>Active Liability</u>	<u>Retired Liability</u>	<u>Total Liability</u>	<u>Annual Required Contribution</u>	<u>Expected Payments</u>	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
All	\$2,718	\$11,979	\$ 9,862	\$21,841	\$ 3,584	\$ -	26	-	26

Discount Rate: 4.0%

Medical Inflation Rate: 7.5% initial, 5.5% ultimate

Future Payroll Increases: 4.0%

NOTE 7 – OPERATING LEASES

The Regional Office of Education #51 leases classroom, office, and laboratory space. During fiscal year 2015, the Regional Office had three separate leases for 6,333 square feet, 2,105 square feet, and 1,900 square feet, all leased at \$7.75 per square foot. Additionally, the Regional Office leased office space in Evanston, Illinois, for \$3,984 per month for fiscal year 2015. Rent expense for the year ended June 30, 2015, was \$127,476. The Regional Office also leases a copier over a 60-month term ending May 2016 which requires monthly payments of \$182, a digital imaging system over a 60-month term ending November 2018 which requires monthly payments of \$179, a copier leased month to month, a postage meter leased month to month, a digital desktop mailing system leased over a 60-month term ending April 2020 which requires monthly payments for \$64, and a postage meter leased over a 60-month term ending December 2014 which required monthly payments of \$60. Total equipment lease expense for the year ended June 30, 2015, was \$4,884. Future minimum rentals are as follows for the years ending June 30:

2016	\$ 4,918
2017	2,916
2018	2,916
2019	1,484
2020	576
	<u>\$ 12,810</u>

NOTE 8 – RISK MANAGEMENT

The Regional Office of Education #51 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #51 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #51 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

	Balance 07/01/14	Additions	Disposals	Balance 06/30/15
Governmental Activities				
Capital Assets, Being Depreciated				
Computer Equipment	\$ 87,112	\$ 10,891	\$ -	\$ 98,003
Other Equipment	38,222	3,920	-	42,142
Total	<u>125,334</u>	<u>14,811</u>	<u>-</u>	<u>140,145</u>
Less Accumulated Depreciation for:				
Computer Equipment	(76,916)	(4,202)	-	(81,118)
Other Equipment	(38,783)	(464)	-	(39,247)
Total	<u>(115,699)</u>	<u>(4,666)</u>	<u>-</u>	<u>(120,365)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 9,635</u>	<u>\$ 10,145</u>	<u>\$ -</u>	<u>\$ 19,780</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Other equipment	\$ 11,912	\$ -	\$ -	\$ 11,912
Less Accumulated Depreciation for:				
Other equipment	<u>(11,293)</u>	<u>(619)</u>	<u>-</u>	<u>(11,912)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 619</u>	<u>\$ (619)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2015 of \$4,666 and \$619 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 10 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – INTERFUND ACTIVITY (Concluded)

DUE TO/FROM OTHER FUNDS (Concluded)

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Funds	\$ 334,457	\$ 119,513
Education Funds	100,052	346,369
Nonmajor Special Revenue Funds	-	33,114
Proprietary Funds	64,487	-
	<u>\$ 498,996</u>	<u>\$ 498,996</u>

TRANSFERS

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

	<u>Transfer In</u>	<u>Transfer Out</u>
General Funds	\$ 39,104	\$ 33,565
Education Funds	27,973	33,512
	<u>\$ 67,077</u>	<u>\$ 67,077</u>

NOTE 11 – ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 111,108
Assistant Regional Superintendent Salary	100,020
Regional Superintendent Benefits (Includes State-paid insurance)	31,192
Assistant Regional Superintendent Benefits (Includes State-paid insurance)	19,708
Teacher's Health Insurance Security (THIS) Fund Contribution	14,650
Total	<u>\$ 276,678</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – ON-BEHALF PAYMENTS (Concluded)

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

Regional Office of Education #51 also recorded \$500,857 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #51 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 276,678
ROE #51’s share of TRS pension expense	<u>500,857</u>
Total	<u>\$ 777,535</u>

Sangamon County provides the Regional Office with staff and pays certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #51’s behalf for the year ended June 30, 2015, were as follows:

Salaries and benefits	\$ 221,006
Purchased services	13,819
Supplies and materials	<u>421</u>
Total	<u>\$ 235,246</u>

These amounts have been recorded in the accompanying financial statements as local revenue and expenditures.

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The following funds/fund accounts had deficit fund balances at June 30, 2015:

	<u>Amount</u>
<u>General Funds</u>	
Local	\$ 9,707
WestEd	1,661
<u>Nonmajor Special Revenue Funds</u>	
General Education Development Certificate	\$ 32,029

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments:

<u>General Funds</u>	
Local Governments	\$ 147,417
<u>Education Funds</u>	
Illinois State Board of Education	317,881
Regional Office of Education #26	6,423
<u>Nonmajor Special Revenue Funds</u>	
Local Governments	1,726
<u>Proprietary Funds</u>	
Local Governments	<u>13,321</u>
Total	<u>\$ 486,768</u>

Due to Other Governments:

<u>General Funds</u>	
Regional Office of Education #38	\$ 17,372
<u>Education Funds</u>	
Illinois State Board of Education	41,903
Regional Office of Education #26	223
<u>Nonmajor Special Revenue Funds</u>	
Local Governments	68,613
<u>Agency Funds</u>	
Local Governments	<u>141,276</u>
Total	<u>\$ 269,387</u>

NOTE 14 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Menard County will be included with the Regional Office of Education #51.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 – RESTATEMENT

The Regional Office of Education #51 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$188,849. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

Net position - July 1, 2014	\$ 1,012,267
Effect of recognizing deferred outflows of resources and net pension liability	<u>188,849</u>
Net position, restated - July 1, 2014	<u><u>\$ 1,201,116</u></u>

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014

Calendar Year Ended December 31,	2014
Total Pension Liability	
Service Cost	\$ 49,322
Interest on the Total Pension Liability	87,963
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	42,222
Changes of Assumptions	46,271
Benefit Payments, including Refunds of Employee Contributions	(20,296)
Net Change in Total Pension Liability	205,482
 Total Pension Liability - Beginning	 1,158,211
 Total Pension Liability - Ending (A)	 \$ 1,363,693
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 38,773
Contributions - Employees	16,681
Net Investment Income	56,764
Benefit Payments, including Refunds of Employee Contributions	(20,296)
Other (Net Transfer)	(749)
Net Change in Plan Fiduciary Net Position	91,173
 Plan Fiduciary Net Position - Beginning	 1,149,379
 Plan Fiduciary Net Position - Ending (B)	 \$ 1,240,552
 Net Pension Liability - Ending (A) - (B)	 \$ 123,141
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.97%
 Covered Valuation Payroll	370,682
 Net Pension Liability as a Percentage of Covered Valuation Payroll	33.22%

Notes to Schedule:

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 36,475	\$ 38,773	\$ (2,298)	\$ 370,682	10.46%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

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

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015 *

Employer's proportion of the net pension liability	0.0066172458%
Employer's proportionate share of the net pension liability	\$ 4,027,141
State's proportionate share of the net pension liability associated with the employer	<u>6,221,007</u>
Total	<u><u>\$ 10,248,148</u></u>
Employer's covered-employee payroll	\$ 1,739,445
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	231.5%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

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

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

Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 282,344	\$ 284,634	\$ (2,290)	\$ 1,647,690	17.3%
2014	237,194	233,941	\$ 3,253	1,739,445	13.4%

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

Notes to This Required Supplementary Information

Changes of assumptions

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

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
OTHER POST-EMPLOYMENT BENEFITS - HEALTH INSURANCE
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/14	\$ -	\$ 21,841	\$ 21,841	-	\$ -	-
6/30/13	-	14,102	14,102	-	-	-
6/30/12	-	14,102	14,102	-	-	-

OTHER SUPPLEMENTARY INFORMATION

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2015

	Local	Administrative Discretionary	Continuum of Learning	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	General Education Development Holistic Scoring	WestEd	TOTALS
ASSETS								
Investments	\$ -	\$ 102,369	\$ -	\$ 102,369	\$ 102,369	\$ -	\$ -	\$ 307,107
Due from other funds	-	171,105	7,290	133,643	22,419	-	-	334,457
Due from other governments								
Local	888	37,616	-	-	-	-	108,913	147,417
TOTAL ASSETS	\$ 888	\$ 311,090	\$ 7,290	\$ 236,012	\$ 124,788	\$ -	\$ 108,913	\$ 788,981
LIABILITIES								
Accounts payable	\$ 1,365	\$ 2,888	\$ -	\$ 489	\$ 1,767	\$ -	\$ 291	\$ 6,800
Accrued payroll and benefits	-	710	-	34,302	3,487	-	-	38,499
Due to other funds	9,230	-	-	-	-	-	110,283	119,513
Due to other governments								
Local	-	17,372	-	-	-	-	-	17,372
Total Liabilities	10,595	20,970	-	34,791	5,254	-	110,574	182,184
FUND BALANCE (DEFICIT)								
Assigned	-	-	-	201,221	119,534	-	-	320,755
Unassigned	(9,707)	290,120	7,290	-	-	-	(1,661)	286,042
Total Fund Balance (Deficit)	(9,707)	290,120	7,290	201,221	119,534	-	(1,661)	606,797
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 888	\$ 311,090	\$ 7,290	\$ 236,012	\$ 124,788	\$ -	\$ 108,913	\$ 788,981

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Local	Administrative Discretionary	Continuum of Learning	General State Aid - Truants Alternative Optional Education Program	General State Aid - Regional Safe Schools	General Education Development Holistic Scoring	WestEd	TOTALS
REVENUES								
Local sources	\$ 11,553	\$ 153,481	\$ -	\$ 8,008	\$ -	\$ 824	\$ 407,945	\$ 581,811
On-behalf payments - Local	235,246	-	-	-	-	-	-	235,246
State sources	-	-	-	300,251	76,063	-	-	376,314
On-behalf payments - State	276,678	-	-	-	-	-	-	276,678
Total Revenues	523,477	153,481	-	308,259	76,063	824	407,945	1,470,049
EXPENDITURES								
Salaries and benefits	11,077	96,610	933	230,406	93,200	-	344,329	776,555
Pension expense	756	2,034	-	1,339	2,804	-	8,715	15,648
Purchased services	10,829	35,820	28	44,419	43,052	122	54,012	188,282
Supplies and materials	1,008	7,087	-	4,867	3,943	-	1,662	18,567
Other objects	-	466	-	-	-	-	-	466
Capital outlay	-	1,065	-	-	-	-	-	1,065
On-behalf payments - Local	235,246	-	-	-	-	-	-	235,246
On-behalf payments - State	276,678	-	-	-	-	-	-	276,678
Total Expenditures	535,594	143,082	961	281,031	142,999	122	408,718	1,512,507
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	(12,117)	10,399	(961)	27,228	(66,936)	702	(773)	(42,458)
OTHER FINANCING SOURCES (USES)								
Transfer in	-	39,104	-	-	-	-	-	39,104
Transfer out	-	-	-	-	(21,533)	(12,032)	-	(33,565)
Interest	32	4,650	-	4,661	4,686	-	-	14,029
Net decrease in the fair value of investments	-	(769)	-	(769)	(769)	-	-	(2,307)
Total Other Financing Sources (Uses)	32	42,985	-	3,892	(17,616)	(12,032)	-	17,261
NET CHANGE IN FUND BALANCE (DEFICIT)	(12,085)	53,384	(961)	31,120	(84,552)	(11,330)	(773)	(25,197)
FUND BALANCE (DEFICIT) - BEGINNING	2,378	236,736	8,251	170,101	204,086	11,330	(888)	631,994
FUND BALANCE (DEFICIT) - ENDING	\$ (9,707)	\$ 290,120	\$ 7,290	\$ 201,221	\$ 119,534	\$ -	\$ (1,661)	\$ 606,797

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	Regional Safe Schools	Area III - Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	Common Core Statewide Initiatives	State and Federal School Breakfast and Lunch	ISBE Special Initiatives Program
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 22,202	\$ 24,766	\$ 17,217	\$ 17,515
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments:						
State	6,682	-	-	-	49	64,000
Federal	-	6,423	-	-	-	-
TOTAL ASSETS	\$ 6,682	\$ 6,423	\$ 22,202	\$ 24,766	\$ 17,266	\$ 81,515
LIABILITIES						
Accounts payable	\$ 291	\$ 1,202	\$ 278	\$ -	\$ -	\$ 4,374
Accrued payroll and benefits	-	1,917	21,924	-	-	-
Due to other funds	6,391	3,081	-	-	-	-
Due to other governments:						
State	-	-	-	24,766	-	-
Federal	-	223	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	6,682	6,423	22,202	24,766	-	4,374
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	17,266	77,141
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	17,266	77,141
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 6,682	\$ 6,423	\$ 22,202	\$ 24,766	\$ 17,266	\$ 81,515

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	Race to the Top	Title I - School Improvement and Accountability	Math and Science Initiatives	Title II - Teacher Quality	Title II - Teacher Quality - Leadership	Principal Preparation and Evaluation
ASSETS						
Cash and cash equivalents	\$ -	\$ 18,406	\$ -	\$ -	\$ 2,784	\$ 3,884
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments:						
State	13,897	-	-	-	-	-
Federal	-	216,064	5,290	406	2,410	-
TOTAL ASSETS	\$ 13,897	\$ 234,470	\$ 5,290	\$ 406	\$ 5,194	\$ 3,884
LIABILITIES						
Accounts payable	\$ 310	\$ 26,044	\$ 112	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	4,210	-	-	-	-
Due to other funds	13,587	189,863	5,178	406	2,410	-
Due to other governments:						
State	-	-	-	-	2,784	-
Federal	-	14,353	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	13,897	234,470	5,290	406	5,194	-
FUND BALANCE (DEFICIT)						
Restricted	-	-	-	-	-	3,884
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	-	3,884
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 13,897	\$ 234,470	\$ 5,290	\$ 406	\$ 5,194	\$ 3,884

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	ISBE Initiatives	Reading Initiative	ROE/ISC Operations	American Institute of Research	TOTALS
ASSETS					
Cash and cash equivalents	\$ -	\$ 2,174	\$ 17	\$ -	\$ 108,965
Accounts receivable	-	-	-	125,764	125,764
Due from other funds	-	100,052	-	-	100,052
Due from other governments:					
State	-	9,083	-	-	93,711
Federal	-	-	-	-	230,593
TOTAL ASSETS	\$ -	\$ 111,309	\$ 17	\$ 125,764	\$ 659,085
LIABILITIES					
Accounts payable	\$ -	\$ 286	\$ 17	\$ 311	\$ 33,225
Accrued payroll and benefits	-	458	-	-	28,509
Due to other funds	-	-	-	125,453	346,369
Due to other governments:					
State	-	-	-	-	27,550
Federal	-	-	-	-	14,576
Unearned revenue	-	-	-	-	-
Total Liabilities	-	744	17	125,764	450,229
FUND BALANCE (DEFICIT)					
Restricted	-	-	-	-	98,291
Unassigned	-	110,565	-	-	110,565
Total Fund Balance (Deficit)	-	110,565	-	-	208,856
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 111,309	\$ 17	\$ 125,764	\$ 659,085

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Regional Safe Schools	Area III - Homeless Liaison Project	Sangamon County Truants Alternative Optional Education Program	Common Core Statewide Initiatives	State and Federal School Breakfast and Lunch	ISBE Special Initiatives Program
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,681
State sources	96,788	-	179,678	217,228	307	-
Federal sources	-	37,849	-	-	20,341	-
Total Revenues	<u>96,788</u>	<u>37,849</u>	<u>179,678</u>	<u>217,228</u>	<u>20,648</u>	<u>371,681</u>
EXPENDITURES						
Salaries and benefits	102,579	29,300	172,687	-	-	216,384
Pension expense	2,635	3,050	11,319	-	-	65,499
Purchased services	2,548	2,321	5,448	-	21,229	10,469
Supplies and materials	-	3,178	783	-	-	1,048
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,140
Payments to other governments	-	-	-	217,228	-	-
Total Expenditures	<u>107,762</u>	<u>37,849</u>	<u>190,237</u>	<u>217,228</u>	<u>21,229</u>	<u>294,540</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,974)</u>	<u>-</u>	<u>(10,559)</u>	<u>-</u>	<u>(581)</u>	<u>77,141</u>
OTHER FINANCING SOURCES (USES):						
Transfer in	10,974	-	10,559	-	-	-
Transfer out	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,974</u>	<u>-</u>	<u>10,559</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-	-	(581)	77,141
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,847</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,266</u>	<u>\$ 77,141</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Race to the Top	Title I - School Improvement and Accountability	Math and Science Initiatives	Title II - Teacher Quality	Title II - Teacher Quality - Leadership	Principal Preparation and Evaluation
REVENUES						
Local sources	\$ 34,169	\$ -	\$ 22,790	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	687,586	-	406	6,610	-
Total Revenues	34,169	687,586	22,790	406	6,610	-
EXPENDITURES						
Salaries and benefits	29,043	251,319	22,567	406	10	-
Pension expense	-	44,105	-	-	-	-
Purchased services	2,984	178,651	335	-	6,600	-
Supplies and materials	2,142	1,318	-	-	-	-
Other objects	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	218,472	-	-	-	-
Total Expenditures	34,169	693,865	22,902	406	6,610	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(6,279)	(112)	-	-	-
OTHER FINANCING SOURCES (USES):						
Transfer in	-	6,279	112	-	-	-
Transfer out	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	6,279	112	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	-	-	-	-	-	3,884
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,884

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	ISBE Initiatives	Reading Initiative	ROE/ISC Operations	American Institute of Research	TOTALS
REVENUES					
Local sources	\$ 33,455	\$ 69,214	\$ -	\$ 844,598	\$ 1,375,907
State sources	-	-	82,755	-	576,756
Federal sources	-	-	-	-	752,792
Total Revenues	<u>33,455</u>	<u>69,214</u>	<u>82,755</u>	<u>844,598</u>	<u>2,705,455</u>
EXPENDITURES					
Salaries and benefits	-	65,294	47,414	614,623	1,551,626
Pension expense	-	-	3,374	165,888	295,870
Purchased services	-	1,215	32,022	66,412	330,234
Supplies and materials	-	-	-	1,392	9,861
Other objects	-	-	2	-	2
Capital outlay	-	-	-	-	1,140
Payments to other governments	-	-	-	-	435,700
Total Expenditures	<u>-</u>	<u>66,509</u>	<u>82,812</u>	<u>848,315</u>	<u>2,624,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>33,455</u>	<u>2,705</u>	<u>(57)</u>	<u>(3,717)</u>	<u>81,022</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	49	-	27,973
Transfer out	(33,512)	-	-	-	(33,512)
Interest	57	166	8	-	231
Total Other Financing Sources (Uses)	<u>(33,455)</u>	<u>166</u>	<u>57</u>	<u>-</u>	<u>(5,308)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	2,871	-	(3,717)	75,714
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>107,694</u>	<u>-</u>	<u>3,717</u>	<u>133,142</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 110,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,856</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 99,016	\$ 96,788	\$ 96,788
Total Revenue	<u>99,016</u>	<u>96,788</u>	<u>96,788</u>
EXPENDITURES			
Salaries and benefits	97,954	95,954	102,579
Pension expense	-	-	2,635
Purchased services	1,062	834	2,548
Total Expenditures	<u>99,016</u>	<u>96,788</u>	<u>107,762</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(10,974)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	10,974
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,974</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
AREA III - HOMELESS LIAISON PROJECT
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 37,877	\$ 38,377	\$ 37,849
Total Revenue	<u>37,877</u>	<u>38,377</u>	<u>37,849</u>
EXPENDITURES			
Salaries and benefits	32,480	32,480	29,300
Pension expense	-	-	3,050
Purchased services	925	1,425	2,321
Supplies and materials	4,472	4,472	3,178
Total Expenditures	<u>37,877</u>	<u>38,377</u>	<u>37,849</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	-	-	-
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SANGAMON COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 179,678	\$ 179,678	\$ 179,678
Total Revenue	<u>179,678</u>	<u>179,678</u>	<u>179,678</u>
EXPENDITURES			
Salaries and benefits	173,227	173,227	172,687
Pension expense	-	-	11,319
Purchased services	5,235	5,235	5,448
Supplies and materials	1,216	1,216	783
Total Expenditures	<u>179,678</u>	<u>179,678</u>	<u>190,237</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(10,559)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	10,559
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>10,559</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
COMMON CORE STATEWIDE INITIATIVES
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 831,411	\$ 831,411	\$ 217,228
Total Revenue	<u>831,411</u>	<u>831,411</u>	<u>217,228</u>
EXPENDITURES			
Salaries and benefits	448,571	22,461	-
Purchased services	13,000	4,763	-
Supplies and materials	369,840	3,382	-
Approved indirect costs	-	18,707	-
Payments to other governments	-	782,098	217,228
Total Expenditures	<u>831,411</u>	<u>831,411</u>	<u>217,228</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	-	-	-
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgets amounts because the grant ran from July 1, 2013 through August 31, 2014; only part of the grant was received and expended in the current fiscal year.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 1,137,296	\$ 1,099,527	\$ 687,586
Total Revenue	<u>1,137,296</u>	<u>1,099,527</u>	<u>687,586</u>
EXPENDITURES			
Salaries and benefits	437,055	291,213	251,319
Pension expense	-	-	44,105
Purchased services	241,388	243,553	178,651
Supplies and materials	4,167	2,925	1,318
Payments to other governments	454,686	561,836	218,472
Total Expenditures	<u>1,137,296</u>	<u>1,099,527</u>	<u>693,865</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(6,279)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	6,279
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,279</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 482	\$ 482	\$ 406
Total Revenue	<u>482</u>	<u>482</u>	<u>406</u>
EXPENDITURES			
Salaries and benefits	-	-	406
Purchased services	482	482	-
Total Expenditures	<u>482</u>	<u>482</u>	<u>406</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY - LEADERSHIP
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 6,610	\$ 6,610	\$ 6,610
Total Revenue	<u>6,610</u>	<u>6,610</u>	<u>6,610</u>
EXPENDITURES			
Salaries and benefits	110	110	10
Purchased services	6,500	6,500	6,600
Total Expenditures	<u>6,610</u>	<u>6,610</u>	<u>6,610</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 82,755	\$ 82,755	\$ 82,755
Total Revenue	<u>82,755</u>	<u>82,755</u>	<u>82,755</u>
EXPENDITURES			
Salaries and benefits	61,085	49,342	47,414
Pension expense	-	-	3,374
Purchased services	21,670	33,413	32,022
Other objects	-	-	2
Total Expenditures	<u>82,755</u>	<u>82,755</u>	<u>82,812</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(57)</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	49
Interest	-	-	8
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>57</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	General Education Development Certificate	Bus Driver Training	Cook County General Education Development	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ 18,027	\$ 75,747	\$ 93,774
Due from other governments:				
Local	<u>1,222</u>	<u>504</u>	<u>-</u>	<u>1,726</u>
TOTAL ASSETS	<u><u>\$ 1,222</u></u>	<u><u>\$ 18,531</u></u>	<u><u>\$ 75,747</u></u>	<u><u>\$ 95,500</u></u>
LIABILITIES				
Accounts payable	\$ 137	\$ 65	\$ 1,915	\$ 2,117
Due to other funds	33,114	-	-	33,114
Due to other governments:				
Local	<u>-</u>	<u>-</u>	<u>68,613</u>	<u>68,613</u>
Total Liabilities	<u>33,251</u>	<u>65</u>	<u>70,528</u>	<u>103,844</u>
FUND BALANCE (DEFICIT)				
Restricted	-	18,466	5,219	23,685
Unassigned	<u>(32,029)</u>	<u>-</u>	<u>-</u>	<u>(32,029)</u>
Total Fund Balance (Deficit)	<u>(32,029)</u>	<u>18,466</u>	<u>5,219</u>	<u>(8,344)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 1,222</u></u>	<u><u>\$ 18,531</u></u>	<u><u>\$ 75,747</u></u>	<u><u>\$ 95,500</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Education Development Certificate	Bus Driver Training	Cook County General Education Development	TOTALS
REVENUES				
Local sources	\$ 13,437	\$ 3,964	\$ 377,387	\$ 394,788
State sources	-	1,440	-	1,440
Total Revenues	<u>13,437</u>	<u>5,404</u>	<u>377,387</u>	<u>396,228</u>
EXPENDITURES				
Salaries and benefits	2,993	2,008	210,357	215,358
Pension expense	-	-	18,638	18,638
Purchased services	330	410	117,567	118,307
Supplies and materials	402	-	16,708	17,110
Capital outlay	-	-	12,606	12,606
Other objects	-	-	143	143
Total Expenditures	<u>3,725</u>	<u>2,418</u>	<u>376,019</u>	<u>382,162</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	9,712	2,986	1,368	14,066
FUND BALANCE (DEFICIT) - BEGINNING	<u>(41,741)</u>	<u>15,480</u>	<u>3,851</u>	<u>(22,410)</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ (32,029)</u></u>	<u><u>\$ 18,466</u></u>	<u><u>\$ 5,219</u></u>	<u><u>\$ (8,344)</u></u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		TOTALS
	SDC Workshop	Background Checks	
	ASSETS		
Due from other funds	\$ 37,564	\$ 26,923	\$ 64,487
Due from other governments:			
Local	6,883	6,438	13,321
TOTAL ASSETS	44,447	33,361	77,808
LIABILITIES			
Accounts payable	912	3,888	4,800
TOTAL LIABILITIES	912	3,888	4,800
NET POSITION			
Unrestricted	43,535	29,473	73,008
TOTAL NET POSITION	\$ 43,535	\$ 29,473	\$ 73,008

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		TOTALS
	SDC	Background	
	Workshop	Checks	
OPERATING REVENUES			
Charges for services	\$ 63,684	\$ 58,765	\$ 122,449
Total Operating Revenues	<u>63,684</u>	<u>58,765</u>	<u>122,449</u>
OPERATING EXPENSES			
Salaries and benefits	14,942	5,789	20,731
Purchased services	10,125	39,775	49,900
Supplies and materials	98	1,762	1,860
Other objects	845	25	870
Depreciation expense	332	287	619
Total Operating Expenses	<u>26,342</u>	<u>47,638</u>	<u>73,980</u>
CHANGE IN NET POSITION	37,342	11,127	48,469
NET POSITION - BEGINNING	<u>6,193</u>	<u>18,346</u>	<u>24,539</u>
NET POSITION - ENDING	<u>\$ 43,535</u>	<u>\$ 29,473</u>	<u>\$ 73,008</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		TOTALS
	SDC Workshop Fund	Background Checks	
Cash flows from operating activities:			
Receipts from customers	\$ 56,801	\$ 54,857	\$ 111,658
Payments to suppliers and providers of goods and services	(10,156)	(39,565)	(49,721)
Payments to employees	(15,143)	(5,789)	(20,932)
Net cash provided by operating activities	<u>31,502</u>	<u>9,503</u>	<u>41,005</u>
Cash flows from noncapital financing activities:			
Increase in interfund borrowing, net	(31,502)	(9,503)	(41,005)
Net cash used for noncapital financing activities	<u>(31,502)</u>	<u>(9,503)</u>	<u>(41,005)</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents - Beginning	-	-	-
Cash and cash equivalents - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 37,342	\$ 11,127	\$ 48,469
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Increase in due from other governments	(6,883)	(3,908)	(10,791)
Depreciation expense	332	287	619
Increase in accounts payable	912	1,997	2,909
Decrease in accrued payroll and benefits	(201)	-	(201)
Net cash provided by operating activities	<u>\$ 31,502</u>	<u>\$ 9,503</u>	<u>\$ 41,005</u>

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2015

	Illinois Education and Technology Conference	Sangamon County Schoolmasters	Special Education Non-Public Conference	Illinois Science Teachers Association	Sangamon County Learning Academy	Those Who Excel	Land Transfer	TOTALS
ASSETS								
Cash and cash equivalents	\$ 127,934	\$ 4,594	\$ -	\$ -	\$ 6,636	\$ 1,940	\$ 172	\$ 141,276
TOTAL ASSETS	\$ 127,934	\$ 4,594	\$ -	\$ -	\$ 6,636	\$ 1,940	\$ 172	\$ 141,276
LIABILITIES								
Due to other governments	\$ 127,934	\$ 4,594	\$ -	\$ -	\$ 6,636	\$ 1,940	\$ 172	\$ 141,276
TOTAL LIABILITIES	\$ 127,934	\$ 4,594	\$ -	\$ -	\$ 6,636	\$ 1,940	\$ 172	\$ 141,276

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year 7/1/14	Additions	Deductions	Balance End of Year 6/30/15
<u>ILLINOIS EDUCATION AND TECHNOLOGY CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 117,159	\$ 155,270	\$ 144,495	\$ 127,934
Total Assets	<u>\$ 117,159</u>	<u>\$ 155,270</u>	<u>\$ 144,495</u>	<u>\$ 127,934</u>
LIABILITIES				
Due to other governments	\$ 117,159	\$ 155,270	\$ 144,495	\$ 127,934
Total Liabilities	<u>\$ 117,159</u>	<u>\$ 155,270</u>	<u>\$ 144,495</u>	<u>\$ 127,934</u>
<u>SANGAMON COUNTY SCHOOLMASTERS</u>				
ASSETS				
Cash and cash equivalents	\$ 5,839	\$ 3,309	\$ 4,554	\$ 4,594
Total Assets	<u>\$ 5,839</u>	<u>\$ 3,309</u>	<u>\$ 4,554</u>	<u>\$ 4,594</u>
LIABILITIES				
Due to other governments	\$ 5,839	\$ 3,309	\$ 4,554	\$ 4,594
Total Liabilities	<u>\$ 5,839</u>	<u>\$ 3,309</u>	<u>\$ 4,554</u>	<u>\$ 4,594</u>
<u>SPECIAL EDUCATION NON-PUBLIC CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 9,649	\$ 34,730	\$ 44,379	\$ -
Total Assets	<u>\$ 9,649</u>	<u>\$ 34,730</u>	<u>\$ 44,379</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ 9,649	\$ 34,730	\$ 44,379	\$ -
Total Liabilities	<u>\$ 9,649</u>	<u>\$ 34,730</u>	<u>\$ 44,379</u>	<u>\$ -</u>
<u>ILLINOIS SCIENCE TEACHERS ASSOCIATION</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 798	\$ 798	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 798</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ -	\$ 798	\$ 798	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ 798</u>	<u>\$ -</u>

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year 7/1/14	Additions	Deductions	Balance End of Year 6/30/15
<u>SANGAMON COUNTY LEARNING</u>				
<u>ACADEMY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 5,644	\$ 5,829	\$ 4,837	\$ 6,636
Total Assets	<u>\$ 5,644</u>	<u>\$ 5,829</u>	<u>\$ 4,837</u>	<u>\$ 6,636</u>
LIABILITIES				
Due to other governments	\$ 5,644	\$ 5,829	\$ 4,837	\$ 6,636
Total Liabilities	<u>\$ 5,644</u>	<u>\$ 5,829</u>	<u>\$ 4,837</u>	<u>\$ 6,636</u>
<u>THOSE WHO EXCEL</u>				
ASSETS				
Cash and cash equivalents	\$ 6,278	\$ 36,584	40,922	\$ 1,940
Total Assets	<u>\$ 6,278</u>	<u>\$ 36,584</u>	<u>\$ 40,922</u>	<u>\$ 1,940</u>
LIABILITIES				
Due to other governments	\$ 6,278	\$ 36,584	\$ 40,922	\$ 1,940
Total Liabilities	<u>\$ 6,278</u>	<u>\$ 36,584</u>	<u>\$ 40,922</u>	<u>\$ 1,940</u>
<u>LAND TRANSFER</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 172	\$ -	\$ 172
Total Assets	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 172</u>
LIABILITIES				
Due to other governments	\$ -	\$ 172	\$ -	\$ 172
Total Liabilities	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 172</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 144,569	\$ 236,692	\$ 239,985	\$ 141,276
Total Assets	<u>\$ 144,569</u>	<u>\$ 236,692</u>	<u>\$ 239,985</u>	<u>\$ 141,276</u>
LIABILITIES				
Due to other governments	\$ 144,569	\$ 236,692	\$ 239,985	\$ 141,276
Total Liabilities	<u>\$ 144,569</u>	<u>\$ 236,692</u>	<u>\$ 239,985</u>	<u>\$ 141,276</u>

FEDERAL COMPLIANCE

SANGAMON COUNTY
 REGIONAL OFFICE OF EDUCATION #51
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # or Contract #</u>	<u>Expenditures 7/1/14-6/30/15</u>
US Department of Education passed through Illinois State Board of Education			
Title I - Grants to Local Educational Agencies			
Title I - School Improvement and Accountability	84.010A	2014-4331-SS	\$ 10,890
Title I - School Improvement and Accountability	84.010A	2015-4331-SS	676,696 (M)
			687,586
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	2015-4932-00	406
Title II - Teacher Quality - Leadership Grant	84.367A	2015-4935-02	6,610
Total Improving Teacher Quality State Grants			7,016
Total US Department of Education passed through Illinois State Board of Education			694,602
US Department of Education passed through Regional Office of Education #26			
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	2015-4920-00	37,849
Total McKinney Education for Homeless Children			37,849
Total US Department of Education passed through Regional Office of Education #26			37,849
US Department of Agriculture passed through Illinois State Board of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	15-4210-00	14,515
National School Lunch Program	10.555	14-4210-00	3,067
School Breakfast Program	10.553	15-4220-00	5,826
School Breakfast Program	10.553	14-4220-00	1,501
Total Child Nutrition Cluster			24,909
Total US Department of Agriculture passed through Illinois State Board of Education			24,909
Total Expenditures of Federal Awards			\$ 757,360

(M) Program was audited as a major program.

SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION #51
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sangamon County Regional Office of Education #51 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, Sangamon County Regional Office of Education #51 provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I - School Improvement and Accountability	84.010A	\$ 218,472

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Title I - School Improvement and Accountability - Accounts for monies received for, and payment of, expenditures of the Title I – School Improvement and Accountability Fund. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116 (c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing school, including a public charter within the district.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None