

**STATE OF ILLINOIS
GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION # 24**

**FINANCIAL AUDIT
For the Year Ended June 30, 2015**

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
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REGIONAL OFFICE OF EDUCATION #24
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**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
OFFICIALS**

Regional Superintendent
(Current and During the audit period)

Mr. Christopher Mehochko

Assistant Regional Superintendent
(Current and During the audit period)

Ms. Michelle Senffner

Offices are located at:

1320 Union Street
Morris, Illinois 60450

109 W. Ridge Street
Yorkville, Illinois 60560

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
FINANCIAL REPORT SUMMARY**

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

SUMMARY OF AUDIT FINDINGS

Number of

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2015-001	11a	Controls Over Financial Statement Preparation	Material Weakness
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2014-002	13	Controls Over Property And Equipment	Significant Deficiency

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
FINANCIAL REPORT SUMMARY (Concluded)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 3, 2015. Attending were Chris Mehochko, Regional Superintendent and Aubrey D. Roberts, Manager, Kemper CPA Group LLP. Responses to the recommendations were provided by Chris Mehochko, Regional Superintendent on November 6, 2015.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Grundy/Kendall Counties Regional Office of Education #24 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24, 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 Matter

As disclosed in Notes 1 and 14 to the financial statements, the Grundy/Kendall Counties Regional Office of Education #24 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability & Related Ratios - Illinois Municipal Retirement Fund, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois, Schedule of Employer Contributions - Teachers' Retirement System of the State of Illinois, and Other Post Employment Benefits - Health Insurance - Schedule of Funding Progress (Unaudited) on pages 14a-14g, 64, 65, 66, and 67 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 Grundy/Kendall Counties Regional Office of Education #24's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 June 22, 2016, on our consideration of the Grundy/Kendall Counties Regional Office of Education #24'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 the 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 the Grundy/Kendall Counties Regional Office of Education #24's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
June 22, 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 the Grundy/Kendall Counties Regional Office of Education #24, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Grundy/Kendall Counties Regional Office of Education #24's basic financial statements, and have issued our report thereon dated June 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy/Kendall Counties Regional Office of Education #24'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 the 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 Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grundy/Kendall Counties Regional Office of Education #24's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education #24's Responses to Findings

Grundy/Kendall Counties Regional Office of Education #24's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Grundy/Kendall Counties Regional Office of Education #24's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education #24's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Grundy/Kendall Counties Regional Office of Education #24's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
June 22, 2016

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITOR’S RESULTS
For the Year Ended June 30, 2015**

Financial Statements

Type of auditors’ report issued:	<i>unmodified</i>
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING No. 2015–001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 14–001, 13–001, 12–2, 11–2 and 10–2)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #24 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #24’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 funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government’s major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

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

CONDITION:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #24 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #24 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING No. 2015–001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 14–001, 13–001, 12–2, 11–2 and 10–2) (Concluded)

CONDITION (CONCLUDED):

During review of the Regional Office of Education #24’s financial information prepared by the Regional Office of Education #24, auditors noted the Regional Office’s financial information required material adjusting entries to accounts receivable, prepaid expenses, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Through inquiries and discussions with the ROE’s accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE’s net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by Regional Office management.

EFFECT:

The Regional Office of Education #24’s management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CAUSE:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Additionally, 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 ROE can fully implement the requirements on its own.

RECOMMENDATION:

As part of internal control over the preparation of financial statements, the Regional Office of Education #24 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 #24’s activities and operations.

MANAGEMENT’S RESPONSE:

The Regional Office of Education has taken the following steps to address this finding:

1. Implemented a new software system – now in our third year of use; and
2. Provided professional development opportunities to personnel.

The Regional Office of Education will continue to address this finding using the limited resources that we have.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

Corrective Action Plan

FINDING No. 2015-001- Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 14-001, 13-001, 12-2, 11-2 and 10-2)

CONDITION:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #24 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #24 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #24's financial information prepared by the Regional Office of Education #24, auditors noted the Regional Office's financial information required material adjusting entries to accounts receivable, prepaid expenses, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by Regional Office management.

PLAN:

The Regional Office of Education has taken the following steps to address this finding:

1. Implemented a new software system – now in our third year of use; and
2. Provided professional development opportunities to personnel.

The Regional Office of Education will continue to address this finding using the limited resources that we have.

ANTICIPATED DATE OF COMPLETION:

June 30, 2016

NAME OF CONTACT PERSON:

Honorable Chris Mehochko, Regional Superintendent of Schools

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For Year Ended June 30, 2015**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Controls Over Financial Statement Preparation	Repeated
2014-002	Controls Over Property and Equipment	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The Regional Office of Education #24 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 2015 that ended on June 30, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2015 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$275,670 from \$1,662,461 in fiscal year 2014 to \$1,386,791 in fiscal year 2015. General Fund expenditures decreased by \$312,101 from \$1,792,915 in fiscal year 2014 to \$1,480,814 in fiscal year 2015. The majority of the revenue and expenditure decreases are due to a decrease in State and local funding received by the Regional Office.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$171,169 from \$476,968 in fiscal year 2014 to \$648,137 in fiscal year 2015. The Special Revenue Fund expenditures increased by \$131,602 from \$477,259 in fiscal year 2014 to \$608,861 in fiscal year 2015. The revenue and expenditure increases are due to more funding from State sources.

Using This Annual Report

This 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 of Education as a whole and present an overall view of the Office's finances.
- 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 needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the non-major funds.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Reporting the Regional Office of Education No. 24 as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #24 as a whole. The Statement of Net Position includes all of the assets, deferred outflows of resources, 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, using accounting methods similar to those used by private-sector companies.

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

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

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Grundy/Kendall County Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #24 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for all of the 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 Office's programs. The Office's Governmental Funds include: the General Fund, Education Fund, Institute Fund and various other non-major funds.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Reporting the Regional Office of Education No. 24 as a Whole (Concluded)

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

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #24 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources) and do not involve measurement of results of operations.

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

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has four enterprise funds, Criminal Backgrounds, Grundy County Summer School, Will County Summer School fund and the Professional Training and Testing Center.

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

Government– Wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2015 totaled \$1,454,060. At the end of fiscal year 2014, the net position was \$1,494,847. The analysis that follows provides a summary of the Office's net position as of June 30, 2015 and 2014, for the governmental and business-type activities.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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

	Governmental Activities		Business-Type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current assets	\$ 1,324,003	\$ 1,332,987	\$ 41,683	\$ 30,249	\$ 1,365,686	\$ 1,363,236
Noncurrent assets	154,982	183,704	6,281	9,424	161,263	193,128
TOTAL ASSETS	<u>1,478,985</u>	<u>1,516,691</u>	<u>47,964</u>	<u>39,673</u>	<u>1,526,949</u>	<u>1,556,364</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>61,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,576</u>	<u>-</u>
LIABILITIES						
Current liabilities	84,000	61,512	-	5	84,000	61,517
Noncurrent liabilities	38,172	-	-	-	38,172	-
TOTAL LIABILITIES	<u>122,172</u>	<u>61,512</u>	<u>-</u>	<u>5</u>	<u>122,172</u>	<u>61,517</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>12,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,293</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	140,297	183,704	6,281	9,424	146,578	193,128
Unrestricted	1,043,653	1,097,230	41,683	30,244	1,085,336	1,127,474
Restricted - other	222,146	174,245	-	-	222,146	174,245
TOTAL NET POSITION	<u>\$ 1,406,096</u>	<u>\$ 1,455,179</u>	<u>\$ 47,964</u>	<u>\$ 39,668</u>	<u>\$ 1,454,060</u>	<u>\$ 1,494,847</u>

The Regional Office of Education's net position decreased by \$40,787 from Fiscal Year 2014 to Fiscal Year 2015. This decrease occurred primarily in the Governmental Funds due to a decrease in local funding and an increase in expenses.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
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 Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 49,134	\$ 33,105	\$ 49,134	\$ 33,105
Operating grants and contributions	614,806	632,220	-	-	614,806	632,220
General Revenues						
Local sources	287,603	305,748	-	-	287,603	305,748
State sources	878,879	739,073	-	-	878,879	739,073
Federal sources	-	941	-	-	-	941
Interest income	182	275	-	-	182	275
On-behalf payments - State	445,108	461,172	-	-	445,108	461,172
Loss on disposal of assets	(16,529)	-	-	-	(16,529)	-
Total revenues	\$ 2,210,049	\$ 2,139,429	\$ 49,134	\$ 33,105	\$ 2,259,183	\$ 2,172,534
Expenses:						
Program expenses						
Salaries and benefits	\$ 1,017,739	\$ 1,046,194	\$ 22,917	\$ 10,146	\$ 1,040,656	\$ 1,056,340
Purchased services	341,106	319,859	15,690	18,782	356,796	338,641
Supplies and materials	78,058	60,206	877	1,856	78,935	62,062
Payment to other governments	273,219	220,993	-	-	273,219	220,993
Pension expense (income)	37,726	-	-	-	37,726	-
Capital Outlay	63,013	58,221	-	-	63,013	58,221
Depreciation	20,119	24,014	3,143	3,141	23,262	27,155
Other objects	3,554	3,285	-	64	3,554	3,349
Administration expenses						
On-behalf payments - State	445,108	461,172	-	-	445,108	461,172
Total expenses	\$ 2,279,642	\$ 2,193,944	\$ 42,627	\$ 33,989	\$ 2,322,269	\$ 2,227,933
Changes in net position	\$ (69,593)	\$ (54,515)	\$ 6,507	\$ (884)	\$ (63,086)	\$ (55,399)
Net position - beginning restated see Note 14						
	1,475,689	1,509,694	41,457	40,552	1,517,146	1,550,246
Net position - ending	\$ 1,406,096	\$ 1,455,179	\$ 47,964	\$ 39,668	\$ 1,454,060	\$ 1,494,847

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Governmental Activities

Revenues for governmental activities were \$2,463,507 and expenses were \$2,533,100 for the year ended June 30, 2015. Revenues for governmental activities were \$2,139,429 and expenses were \$2,193,944 for the year ended June 30, 2014. These increases in revenues and expenditures are due primarily to increases in operating grants within the Education Fund and subsequent decreases in services provided in those specific areas by the Regional Office.

Business-type Activities

Revenues for business-type activities were \$49,134 and expenses were \$42,627 for the year ended June 30, 2015. Revenues for business-type activities were \$33,105 and expenses were \$33,989 for the year ended June 30, 2014. The increase in revenues is due primarily to the inclusion of the Professional Training and Teaching Center in the proprietary fund for 2015.

Financial analysis of the Regional Office of Education #24 Funds

As previously noted, the Regional Office of Education #24 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$1,240,003 at June 30, 2015 compared to fiscal year 2014's ending fund balance of \$1,294,750.

Budgetary Highlights

The Regional Office of Education #24 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year that runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #24 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the Regional Office of Education #24 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #24 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2015, Regional Office of Education #24 purchased assets totaling \$18,305 and deleted assets totaling \$104,269, resulting in an ending balance of \$182,637. In addition, the Regional Office of Education #24 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 3 of the financial statements.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #24 was aware of several existing circumstances that could affect its financial health in the future:

- The State of Illinois continues to go through financial challenges. Funding for General State Aid, RSSP and TAOEP have all been reduced significantly, reducing revenue for the ROE.
- Interest rates earned on all accounts are at historical lows.

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 the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Regional Superintendent of the Regional Office of Education #24 at 1320 Union St., Morris, IL 60450.

BASIC FINANCIAL STATEMENTS

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET POSITION
June 30, 2015**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,194,127	\$ 41,683	\$ 1,235,810
Due from other governments:			
Local	5,826	-	5,826
State	44,751	-	44,751
Federal	42,001	-	42,001
Prepaid expenses	37,298	-	37,298
Total current assets	<u>1,324,003</u>	<u>41,683</u>	<u>1,365,686</u>
NONCURRENT ASSETS:			
Capital assets, net of depreciation	140,297	6,281	146,578
Net pension asset	14,685	-	14,685
Total noncurrent assets	<u>154,982</u>	<u>6,281</u>	<u>161,263</u>
TOTAL ASSETS	<u>1,478,985</u>	<u>47,964</u>	<u>1,526,949</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>61,576</u>	<u>-</u>	<u>61,576</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	41,542	-	41,542
Accrued payroll and employee benefits	41,124	-	41,124
Unearned revenue	1,334	-	1,334
Total current liabilities	<u>84,000</u>	<u>-</u>	<u>84,000</u>
NONCURRENT LIABILITIES			
Net pension liability	<u>38,172</u>	<u>-</u>	<u>38,172</u>
TOTAL LIABILITIES	<u>122,172</u>	<u>-</u>	<u>122,172</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>12,293</u>	<u>-</u>	<u>12,293</u>
NET POSITION			
Investment in capital assets	140,297	6,281	146,578
Restricted - other	222,146	-	222,146
Unrestricted	1,043,653	41,683	1,085,336
TOTAL NET POSITION	<u>\$ 1,406,096</u>	<u>\$ 47,964</u>	<u>\$ 1,454,060</u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,017,739	\$ -	\$ 380,043	\$ (637,696)	\$ -	\$ (637,696)
Purchased services	341,106	-	55,158	(285,948)	-	(285,948)
Supplies and materials	78,058	-	2,866	(75,192)	-	(75,192)
Other objects	3,554	-	-	(3,554)	-	(3,554)
Depreciation	20,119	-	-	(20,119)	-	(20,119)
Capital outlay	63,013	-	81,318	18,305	-	18,305
Payments to other governments	273,219	-	95,421	(177,798)	-	(177,798)
Pension expense (income)	37,726	-	-	(37,726)	-	(37,726)
Administrative:						
On-behalf payments - State	445,108	-	-	(445,108)	-	(445,108)
Total Governmental Activities	<u>2,279,642</u>	<u>-</u>	<u>614,806</u>	<u>(1,664,836)</u>	<u>-</u>	<u>(1,664,836)</u>
Business-type Activities:						
Registration fees	28,097	33,324	-	-	5,227	5,227
Tuition	14,530	15,810	-	-	1,280	1,280
Total Business-type Activities	<u>42,627</u>	<u>49,134</u>	<u>-</u>	<u>-</u>	<u>6,507</u>	<u>6,507</u>
Total Primary Government	<u>\$ 2,322,269</u>	<u>\$ 49,134</u>	<u>\$ 614,806</u>	<u>(1,664,836)</u>	<u>6,507</u>	<u>(1,658,329)</u>
General Revenues:						
Local sources				287,603	-	287,603
State sources				878,879	-	878,879
On-behalf payments - State				445,108	-	445,108
Loss on disposal of assets				(16,529)	-	(16,529)
Interest				182	-	182
Total General Revenues				<u>1,595,243</u>	<u>-</u>	<u>1,595,243</u>
Change in net position				(69,593)	6,507	(63,086)
Net Position - beginning (restated - See note 14)				<u>1,475,689</u>	<u>41,457</u>	<u>1,517,146</u>
Net Position - ending				<u>\$ 1,406,096</u>	<u>\$ 47,964</u>	<u>\$ 1,454,060</u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 974,033	\$ 31,749	\$ 133,375	\$ 54,970	\$ -	\$ 1,194,127
Due from other funds	82,743	-	-	-	(82,743)	-
Due from other governments:						
Local	5,826	-	-	-	-	5,826
State	2,733	42,018	-	-	-	44,751
Federal	-	42,001	-	-	-	42,001
Prepaid expenses	32,270	5,028	-	-	-	37,298
TOTAL ASSETS	\$ 1,097,605	\$ 120,796	\$ 133,375	\$ 54,970	\$ (82,743)	\$ 1,324,003
LIABILITIES						
Accounts payable	\$ 41,070	\$ 472	\$ -	\$ -	\$ -	\$ 41,542
Accrued payroll and employee benefits	23,650	17,474	-	-	-	41,124
Due to other funds	4,614	78,129	-	-	(82,743)	-
Unearned revenue	-	1,334	-	-	-	1,334
Total Liabilities	69,334	97,409	-	-	(82,743)	84,000
FUND BALANCE						
Nonspendable	210,376	5,028	-	-	-	215,404
Restricted	-	14,088	133,375	54,970	-	202,433
Assigned	201,198	-	-	-	-	201,198
Unassigned	616,697	4,271	-	-	-	620,968
Total fund balance	1,028,271	23,387	133,375	54,970	-	1,240,003
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,097,605	\$ 120,796	\$ 133,375	\$ 54,970	\$ (82,743)	\$ 1,324,003

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

Total fund balance - governmental funds	\$	1,240,003						
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>								
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		140,297						
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.</p> <p style="padding-left: 40px;">Net pension asset</p>		14,685						
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 60%;">Deferred outflows of resources</td> <td style="width: 10%; text-align: right;">\$ 61,576</td> <td style="width: 30%;"></td> </tr> <tr> <td>Deferred inflows of resources</td> <td style="text-align: right;"><u>(12,293)</u></td> <td style="text-align: right;">49,283</td> </tr> </table>	Deferred outflows of resources	\$ 61,576		Deferred inflows of resources	<u>(12,293)</u>	49,283		
Deferred outflows of resources	\$ 61,576							
Deferred inflows of resources	<u>(12,293)</u>	49,283						
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds</p> <p style="padding-left: 40px;">Net pension liability</p>		<u>(38,172)</u>						
Net position of governmental activities	\$	<u><u>1,406,096</u></u>						

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
State sources	\$ 973,717	\$ 345,652	\$ -	\$ 772	\$ 1,320,141
Federal sources	-	173,544	-	-	173,544
Local sources	159,572	44,700	73,680	9,651	287,603
On-behalf payments - State	253,458	-	-	-	253,458
Total revenues	<u>1,386,747</u>	<u>563,896</u>	<u>73,680</u>	<u>10,423</u>	<u>2,034,746</u>
EXPENDITURES					
Instructional Services:					
Salaries and benefits	619,418	398,321	-	-	1,017,739
Purchased services	245,234	48,581	40,051	7,240	341,106
Supplies and materials	76,974	1,084	-	-	78,058
Payments to other governments	178,820	94,399	-	-	273,219
Other objects	640	-	2,914	-	3,554
On-behalf payments	253,458	-	-	-	253,458
Pension expense	24,952	16,271	-	-	41,223
Capital outlay	81,318	-	-	-	81,318
Total expenditures	<u>1,480,814</u>	<u>558,656</u>	<u>42,965</u>	<u>7,240</u>	<u>2,089,675</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(94,067)</u>	<u>5,240</u>	<u>30,715</u>	<u>3,183</u>	<u>(54,929)</u>
OTHER FINANCING SOURCES(USES)					
Interest	44	-	105	33	182
Total other financing sources (uses)	<u>44</u>	<u>-</u>	<u>105</u>	<u>33</u>	<u>182</u>
Net change in fund balances	<u>(94,023)</u>	<u>5,240</u>	<u>30,820</u>	<u>3,216</u>	<u>(54,747)</u>
FUND BALANCES, BEGINNING OF YEAR					
(restated - See Note 14)	<u>1,122,294</u>	<u>18,147</u>	<u>102,555</u>	<u>51,754</u>	<u>1,294,750</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,028,271</u></u>	<u><u>\$ 23,387</u></u>	<u><u>\$ 133,375</u></u>	<u><u>\$ 54,970</u></u>	<u><u>\$ 1,240,003</u></u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

Net change in fund balances \$ (54,747)

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	\$ 18,305	
Depreciation expense	(20,119)	
Loss on disposal of equipment	<u>(16,529)</u>	(18,343)

Governmental funds report pension contributions as expenditures

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

Pension contributions	\$ 41,223	
Cost of benefits earned, net	<u>(37,726)</u>	<u>3,497</u>

Change in net position of governmental activities \$ (69,593)

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

	Business-type Activities - Nonmajor Enterprise Funds				
	<u>Criminal Backgrounds</u>	<u>Grundy County Summer School</u>	<u>Will County Summer School</u>	<u>Professional Teaching and Training Center</u>	<u>Totals</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 26,407	\$ 7,520	\$ 348	\$ 7,408	\$ 41,683
Total current assets	<u>26,407</u>	<u>7,520</u>	<u>348</u>	<u>7,408</u>	<u>41,683</u>
Noncurrent assets					
Equipment, net	6,281	-	-	-	6,281
Total noncurrent assets	<u>6,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,281</u>
Total Assets	<u>32,688</u>	<u>7,520</u>	<u>348</u>	<u>7,408</u>	<u>47,964</u>
Net Position					
Investment in capital assets	6,281	-	-	-	6,281
Unrestricted	<u>26,407</u>	<u>7,520</u>	<u>348</u>	<u>7,408</u>	<u>41,683</u>
Total Net Position	<u>\$ 32,688</u>	<u>\$ 7,520</u>	<u>\$ 348</u>	<u>\$ 7,408</u>	<u>\$ 47,964</u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	Business-type Activities - Nonmajor Enterprise Funds				Totals
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Professional Teaching and Training Center	
Operating Revenues					
Charges for services					
Tuition	\$ -	\$ 15,810	\$ -	\$ -	\$ 15,810
Registration fees	18,241	-	-	15,083	33,324
Total operating revenues	<u>18,241</u>	<u>15,810</u>	<u>-</u>	<u>15,083</u>	<u>49,134</u>
Operating Expenses					
Salaries and benefits	-	13,453	-	9,464	22,917
Purchased services	15,490	200	-	-	15,690
Supplies and materials	-	877	-	-	877
Depreciation	3,143	-	-	-	3,143
Total operating expenses	<u>18,633</u>	<u>14,530</u>	<u>-</u>	<u>9,464</u>	<u>42,627</u>
Change in Net Position	<u>(392)</u>	<u>1,280</u>	<u>-</u>	<u>5,619</u>	<u>6,507</u>
Net Position - Beginning of year (restated - See Note 14)	<u>33,080</u>	<u>6,240</u>	<u>348</u>	<u>1,789</u>	<u>41,457</u>
Net Position - End of year	<u>\$ 32,688</u>	<u>\$ 7,520</u>	<u>\$ 348</u>	<u>\$ 7,408</u>	<u>\$ 47,964</u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	Business-type Activities - Nonmajor Enterprise Funds				Totals
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Professional Teaching and Training Center	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 18,241	\$ 15,810	\$ -	\$ 15,083	\$ 49,134
Payments to suppliers and providers of goods and services	(13,154)	(1,082)	-	-	(14,236)
Payments to employees	-	(13,453)	-	(9,464)	(22,917)
Net cash provided by (used for) operating activities	<u>5,087</u>	<u>1,275</u>	<u>-</u>	<u>5,619</u>	<u>11,981</u>
Net increase (decrease) in cash and cash equivalents	5,087	1,275	-	5,619	11,981
Cash and cash equivalents - Beginning of year	21,320	6,245	348	1,789	29,702
Cash and cash equivalents - End of year	<u>\$ 26,407</u>	<u>\$ 7,520</u>	<u>\$ 348</u>	<u>\$ 7,408</u>	<u>\$ 41,683</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (392)	\$ 1,280	\$ -	\$ 5,619	\$ 6,507
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	3,143	-	-	-	3,143
(Increase)/decrease in assets:					
Prepaid expenses	2,336	-	-	-	2,336
Increase/(decrease) in liabilities:					
Accounts payable	-	(5)	-	-	(5)
Net cash provided by (used for) operating activities	<u>\$ 5,087</u>	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ 5,619</u>	<u>\$ 11,981</u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	<u>Private-Purpose Scholarship Funds</u>		<u>Total</u>	<u>Agency Funds</u>
	<u>Martha Slyther Scholarship Fund</u>	<u>Community Foundation Scholarship Fund</u>		
ASSETS				
Cash and cash equivalents	\$ 17,402	\$ 1,000	\$ 18,402	\$ 77,742
Due from other governments	-	-	-	2,161,344
Pension asset	-	-	-	236,769
TOTAL ASSETS	<u>17,402</u>	<u>1,000</u>	<u>18,402</u>	<u>2,475,855</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	-	-	627,553
Total Assets and Deferred Outflows of Resources	<u>\$ 17,402</u>	<u>\$ 1,000</u>	<u>\$ 18,402</u>	<u>\$ 3,103,408</u>
LIABILITIES				
Due to other governments	-	-	-	\$ 3,059,896
TOTAL LIABILITIES	-	-	-	3,059,896
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	-	-	43,512
Total Liabilities and Deferred Inflows of Resources	-	-	-	<u>\$ 3,103,408</u>
NET POSITION				
Reserved for scholarships	<u>\$ 17,402</u>	<u>\$ 1,000</u>	<u>\$ 18,402</u>	

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015**

	Private-Purpose Scholarship Funds		Total
	Martha Slyther Scholarship Fund	Community Foundation Scholarship Fund	
ADDITION			
Contributions	\$ -	\$ 500	\$ 500
Total Additions	<u>-</u>	<u>500</u>	<u>500</u>
DEDUCTION			
Service charges	50	-	50
Total Deductions	<u>50</u>	<u>-</u>	<u>50</u>
CHANGE IN NET POSITION	<u>(50)</u>	<u>500</u>	<u>450</u>
NET POSITION, BEGINNING OF YEAR	<u>17,452</u>	<u>500</u>	<u>17,952</u>
NET POSITION, END OF YEAR	<u>\$ 17,402</u>	<u>\$ 1,000</u>	<u>\$ 18,402</u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grundy/Kendall Counties Regional Office of Education #24 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

A. DATE OF MANAGEMENT’S REVIEW

The Grundy/Kendall Counties Regional Office of Education #24 has evaluated subsequent events through June 22, 2016, the date which the financial statements were available to be issued.

B. 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 teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent’s office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Grundy/Kendall Counties Regional Office of Education #24’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; 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.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Grundy/Kendall Counties Regional Office of Education #24, 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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Concluded)

For the period ended June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Grundy/Kendall Counties Regional Office of Education #24 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Grundy/Kendall Counties Regional Office of Education #24 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Grundy/Kendall Counties Regional Office of Education #24, 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 Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Grundy/Kendall Counties Regional Office of Education #24 is not aware of any entity, which would exercise such oversight as to result in the Grundy/Kendall Counties Regional Office of Education #24 being considered a component unit of the entity.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. NEW ACCOUNTING PRONOUNCEMENTS

In 2015, The Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24 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 was expected to include a significant liability for the government’s proportionate share of 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 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.

E. 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 Grundy/Kendall Counties Regional Office of Education #24’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 Grundy/Kendall Counties Regional Office of Education #24 has three business–type activities that rely on fees and charges for support.

The Grundy/Kendall Counties Regional Office of Education #24’s government–wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business–type activities for the Grundy/Kendall Counties Regional Office of Education #24 accompanied by a total column. These statements are presented on an “economic resources” measurement as prescribed by GASB Statement No. 34. All of the Grundy/Kendall Counties Regional Office of Education #24’s assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position.

GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENT–WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other 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 are eliminated on the government–wide financial statements. Interfund activities between governmental funds and business–type funds remain as due to/due from on the government–wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business–type activities. The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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 non–operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non–operating expenses.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 and 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 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, typically 60 days. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for other long-term obligations, which are recognized when paid. 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.

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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.

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Concluded)

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 Grundy/Kendall Counties Regional Office of Education #24; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

I. FUND ACCOUNTING

The Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24 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 a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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 Grundy/Kendall Counties Regional Office of Education #24 reports the following major governmental funds:

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

General School Fund – To account for the general operating fund. It has been used to record transactions in connection with general administrative activities.

Payroll – To account for income received for and expenses paid for the payroll for certain employees who are paid by Grundy and Kendall Counties.

Interest – This fund accounts for interest revenue earned on the Regional Office’s bank accounts.

Illinois Tobacco – This fund accounts for revenues and expenditures associated with the curriculum and materials for tobacco prevention for youth and incentives for the stop smoking program for youth.

Grundy County Health Department – This fund accounts for local revenues and expenditures associated with a contract the Regional Office has with the Grundy County Health Department.

Grundy/Kendall Counties State Aid – To account for grant monies received for, and payment of expenditures for the unrestricted State grant–in aid to school districts which are directly received from the Illinois State Board of Education.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Premier Local Revenue – To account for funds collected from students at the Morris campus to pay to take those students bowling.

No Tolerance Task Force – This fund accounts for donations received from individuals for the No Tolerance Task Force program.

In Touch Local – This fund accounts for revenues and expenditures related to a youth group fundraiser that was held in fiscal year 2009.

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

Education 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:

Workforce Investment Act (WIA) Grant – To account for federal monies received and payment of expenditures for the Workforce Investment Act passed through Kane County. Training programs include tutoring, mentoring, and study skills training for underprivileged youth.

Truants Alternative Optional Education Program (TAOEP) – To account for grant monies received for, and payment of expenditures for TAOEP. This program provides assistance to students and families when students have excessive absenteeism.

Will County Truants Alternative Optional Education Program – To account for State grant monies received from Will County for payment of expenditures for the TAOEP.

GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

No Tolerance Task Force – To account for monies received for, and payment of expenditures for the No Tolerance Task Force. This program is a community partnership for zero tolerance against drug abuse and gangs.

McKinney–Vento Education for Homeless Children and Youth – To account for grant monies received for and payment of expenditures associated with a federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant passed through the Will County Regional Office of Education No. 56.

ROE/ISC Operations – To account for monies passed through to the Professional Development Alliance.

Fairmont Literacy Program – To account for grant monies received for and payment of expenses to improve the students' reading and literacy achievements in the Fairmont School District.

Title II – Teacher Quality – Leadership Grant – To account for monies received from the State (federal dollars) to support school improvement services for schools in academic difficulty.

Regional Safe School – To account for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education. This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Institute Fund – This fund accounts for teacher licenses registration, issuance and evaluation fees for processing licenses, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Non–major Special Revenue Funds (Concluded)

The Grundy/Kendall Counties Regional Office of Education #24 reports the following nonmajor governmental funds:

Non–major Special Revenue Funds – Non–major special revenue funds include the following:

School Bus Driver Training – This fund accounts for bus drivers’ permit fees which may be expended for bus drivers’ refresher courses.

General Education Development – To account for the Regional Office of Education’s administration of the GED Testing Program. Revenues are received from testing and diploma fees.

PROPRIETARY FUNDS

Proprietary Fund – Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Proprietary funds are as follows:

Criminal Backgrounds – This fund accounts for revenues and expenditures associated with criminal background checks conducted by the Regional Office.

Grundy County Summer School – This fund accounts for revenues and expenditures associated with summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

Will County Summer School – This fund accounts for revenues and expenditures associated with Will County summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

Professional Training and Teaching Center (PTTC) – This fund accounts for revenues and expenditures associated with professional exams.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Grundy/Kendall Counties Regional Office of Education #24 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Funds include the following:

Private Purpose Scholarship Funds – Private purpose scholarship funds are used to account for assets held by Regional Office of Education #24 under trust agreements which require income earned to be used to benefit individuals through scholarship awards. Private purpose scholarship funds include the following:

Martha Slyther Scholarship Fund – To account for the Martha Slyther Scholarship Fund which was received from an estate to be used for the purpose of providing scholarships to students in Kendall County.

Community Foundation Scholarship Fund – To account for the Community Foundation Scholarship Fund which was received from an individual to be used for the purpose of providing scholarships to students going into the medical field.

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Distributive Fund – To account for funds received and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due them from general State aid, State categorical grants, and various other sources. Interest earned on Distributive Fund assets is used to fund existing programs.

Outdoor Education Cooperative – To account for funds received and disbursed for the Outdoor Education Cooperative.

Special Ed. – Personnel – To account for funds received and disbursed to the Kendall County Special Ed Co-op.

Fed. – Sp. Ed. – Pre-School Flow Through – To account for funds received and disbursed to the Kendall County Special Ed Co-op.

Fed. – Sp. Ed. – I.D.E.A. – Flow Through – To account for funds received and disbursed to the Kendall County Special Ed Co-op.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

National School Lunch and Breakfast Program – To account for funds received and disbursed to the Kendall County Special Ed Co-op.

J. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – the portion of a Governmental Fund’s net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. A portion of the fund balance for the General School Fund, Grundy/Kendall Counties State Aid, WIA Grant, Truants Alternative Optional Education Program, No Tolerance Task Force and Regional Safe School are presented as nonspendable. These nonspendable fund balances are for prepaid insurance. In addition, a portion of the fund balance for Grundy/Kendall Counties State Aid is presented as nonspendable. This nonspendable fund balance is to be maintained in a separate Strict Joint Order Escrow investment account as required by a lease the Regional Office entered into during fiscal year 2012.

Restricted Fund Balance – the portion of a Governmental Fund’s net position that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Will County Truants Alternative Optional Education Program, No Tolerance Task Force, and Fairmont Literacy Program. The following funds are restricted by Illinois Statute: School Bus Driver Training, General Education Development, and Institute.

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. There are no accounts presenting a committed fund balance.

Assigned Fund Balance – the portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Illinois Tobacco, Grundy/Kendall Counties State Aid, HAJ HIV/MC Bowling, and No Tolerance Task Force.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: General School Fund, Payroll, Interest, Grundy County Health Department, In Touch Local, and Title II – Teacher Quality – Leadership Grant.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. BUDGETARY DATA

The Grundy/Kendall Counties Regional Office of Education #24 acts as the administrative agent for certain grant programs that are accounted for in the General and 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 do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: WIA Grant, ROE/ISC Operations, Truants Alternative Optional Education Program, Title II– Teacher Quality – Leadership Grant, and Regional Safe School.

M. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Grundy/Kendall Counties Regional Office of Education #24 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 – 10 years
Building Improvements	15 years

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

O. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. 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, and therefore, no liability is accrued.

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. 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.

Q. UNEARNED REVENUE

The Regional Office of Education #24 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

R. REVENUE FROM FEDERAL AND STATE GRANTS

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Grundy/Kendall Counties Regional Office of Education #24 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

A. BANK DEPOSITS

At June 30, 2015, the carrying amount of the Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency deposits were \$1,235,810 and \$96,144, respectively. The government-wide and agency bank balances were \$970,103 and \$302,798, respectively. Of the total bank balances as of June 30, 2015, \$550,209 was secured by federal depository insurance, and \$722,692 was collateralized by securities pledged by the Grundy/Kendall Counties Regional Office of Education #24'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 ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Grundy/Kendall Counties Regional Office of Education #24 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

As of June 30, 2015, the carrying and fair value Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency investments as follows:

	Government-Wide	Agency
Invested in Illinois Funds investment pool	\$ 43,816	\$ 1,023
Invested in certificates of deposit	253,181	-
	\$ 296,997	\$ 1,023

CREDIT RISK

At June 30, 2015, the Illinois School District Liquid Asset Fund Plus (ISDLAF+) 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. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. All investments are fully insured by the FDIC or fully collateralized.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Regional Office of Education #24's policy for reducing its exposure to the risk is to structure their portfolio so that securities mature to meet the cash requirements for ongoing operations. As of June 30, 2015, all the investments have investment maturities of less than one year.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Regional Office of Education #24 does not have a policy that specifically addresses concentration of credit risk. As of June 30, 2015, the Regional Office of Education #24's investment in certificates of deposit which is 85% of total investment and totaling \$253,181 is subject to concentration of credit risk.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Grundy/Kendall Counties Regional Office of Education #24 has reported capital assets in the government-wide Statement of Net position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets for business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 102,724	\$ 7,728	\$ (74,764)	\$ 35,688
Building Improvements	165,877	10,577	(29,505)	146,949
Governmental Activities Total Assets	<u>268,601</u>	<u>18,305</u>	<u>(104,269)</u>	<u>182,637</u>
Less Accumulated Depreciation				
Equipment	(75,273)	(3,774)	68,420	(10,627)
Building Improvements	(34,688)	(16,345)	19,320	(31,713)
Total Accumulated Depreciation	<u>(109,961)</u>	<u>(20,119)</u>	<u>87,740</u>	<u>(42,340)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 158,640</u>	<u>\$ (1,814)</u>	<u>\$ (16,529)</u>	<u>\$ 140,297</u>
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Business-type Activities:				
Criminal Backgrounds	\$ 15,706	\$ -	\$ -	\$ 15,706
Business-type Activities Total Assets	<u>15,706</u>	<u>-</u>	<u>-</u>	<u>15,706</u>
Less Accumulated Depreciation	<u>(6,282)</u>	<u>(3,143)</u>	<u>-</u>	<u>(9,425)</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 9,424</u>	<u>\$ (3,143)</u>	<u>\$ -</u>	<u>\$ 6,281</u>

\$25,064 of beginning balance has been reclassified see note 14.

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 \$20,119 and \$3,143 was charged to the governmental activities and the 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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND**

Plan Description

The Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

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	72
Inactive Plan Members entitled to but not yet receiving benefits	396
Active Plan Members	322
Total	790

Contributions

As set by statute, the Grundy/Kendall Counties Regional Office of Education #24’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 Grundy/Kendall Counties Regional Office of Education #24’s annual contribution rate for calendar year 2014 was 8.99%. For the calendar year ended 2014, the Grundy/Kendall Counties Regional Office of Education #24 contributed \$38,190 to the plan. The Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24’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%.
- **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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

Actuarial Assumptions (Concluded)

- 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:

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

Single Discount Rate (Concluded)

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	\$ 704,470	\$ 753,764	\$ (49,294)
Changes for the year:			
Service Cost	49,429	-	49,429
Interest on the Total Pension Liability	53,931	-	53,931
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(3,501)	-	(3,501)
Changes of Assumption	28,754	-	28,754
Contributions - Employer	-	38,190	(38,190)
Contributions - Employees	-	19,699	(19,699)
Net Investment Income	-	36,598	(36,598)
Benefit Payments, including Refunds of Employee Contributions	(20,708)	(20,708)	-
Other (Net Transfer)	-	(483)	483
Net Changes	107,905	73,296	34,609
Balances at December 31, 2014	\$ 812,375	\$ 827,060	\$ (14,685)

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 114,999	\$ (14,685)	\$ (117,904)

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

For the year ended June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 recognized pension expense of \$36,576. At June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts Related to Pensions</i>		
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 2,699
Changes of assumptions	22,165	-
Net difference between projected and actual earnings on pension plan investments	16,757	-
Total Deferred Amounts to be recognized in pension expense in future periods	38,922	2,699
<i>Pension Contributions made subsequent to the Measurement Date</i>		
	20,392	-
Total Deferred Amounts Related to Pensions	\$ 59,314	\$ 2,699

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Concluded)**

\$20,392 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:

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 11,580
2016	11,580
2017	11,580
2018	1,483
2019	-
Thereafter	-
Total	\$ 36,223

**NOTE 5 – RETIREMENT FUND COMMITMENTS – TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS**

The Grundy/Kendall Counties Regional Office of Education #24 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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 5 – RETIREMENT FUND COMMITMENTS – TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

Benefits provided

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

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

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

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 Grundy/Kendall Counties Regional Office of Education #24.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Grundy/Kendall Counties Regional Office of Education #24. For the year ended June 30, 2015, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the Grundy/Kendall Counties Regional Office of Education #24, and the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of \$191,650 in pension contributions from the State of Illinois.

**GRUNDY/KENDALL COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 5 – RETIREMENT FUND COMMITMENTS – TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

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 \$2,241 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 Grundy/Kendall Counties Regional Office of Education #24, there is a statutory requirement for the Grundy/Kendall Counties Regional Office of Education #24 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, no salaries were paid from federal and special trust funds; therefore, there were no required employer contributions.

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 Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24 paid no employer ERO contributions to TRS.

The Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24 paid no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 5 – RETIREMENT FUND COMMITMENTS – TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

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

At June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 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:

Employer's proportionate share of the net pension liability	\$ 38,172
State's proportionate share of the net pension liability associated with the employer	2,380,426
 Total	 <u><u>\$ 2,418,598</u></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 Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24's proportion was 0.00006272234424 percent.

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 Grundy/Kendall Counties Regional Office of Education #24's proportion of the net pension liability as of June 30, 2013, was based on the Grundy/Kendall Counties Regional Office of Education #24'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 Grundy/Kendall Counties Regional Office of Education #24's proportion was 0.00007794695183 percent.

For the year ended June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 recognized pension expense of \$191,650 and revenue of \$191,650 for support provided by the State. For the year ended June 30, 2015, Grundy/Kendall Counties Regional Office of Education #24 recognized pension expense of \$1,150. At June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**GRUNDY/KENDALL COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 5 – RETIREMENT FUND COMMITMENTS – TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20	\$ -
Net difference between projected an actual earnings on pension plan investments	-	1,918
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,675
Employer contributions subsequent to the measurement date	2,241	-
Total	<u><u>\$ 2,261</u></u>	<u><u>\$ 9,593</u></u>

\$2,241 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	\$ (2,338)
2017	(2,338)
2018	(2,338)
2019	(2,338)
2020	(223)
	<u><u>\$ (9,575)</u></u>

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 – RETIREMENT FUND COMMITMENTS – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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>	

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 – RETIREMENT FUND COMMITMENTS – 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 employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Grundy/Kendall Counties Regional Office of Education #24'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 net pension liability	\$ 47,140	\$ 38,172	\$ 30,745

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 6 – TEACHERS' HEALTH INSURANCE SECURITY FUND

The Grundy/Kendall Counties Regional Office of Education #24 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 Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state–administered participating provider option plan or choose from several Managed Care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (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 the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to the THIS Fund.

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

On behalf contributions. The State of Illinois makes employer retiree health insurance contributions on behalf of Grundy/Kendall Counties Regional Office of Education #24. State contributions are intended to match contributions to THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$3,942, and Grundy/Kendall Counties Regional Office of Education #24 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 employees were \$3,743 and \$3,498, respectively.

Employer contributions to THIS Fund. The Grundy/Kendall Counties Regional Office of Education #24 also makes contributions to 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 June 30, 2013, respectively. For the year ended June 30, 2015, the Grundy/Kendall Counties Regional Office of Education #24 paid \$2,936 to the THIS Fund. For the years ended June 30, 2014 and June 30, 2013, the Grundy/Kendall Counties Regional Office of Education #24 paid \$2,778 and \$2,623, respectively, which was 100 percent of the required contribution.

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 – INTERFUND ACTIVITY

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. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	Due From Other Funds	Due To Other Funds
Education Fund	\$ -	\$ 78,129
General Fund	82,743	4,614
	\$ 82,743	\$ 82,743

TRANSFERS

At June 30, 2015 there were no interfund transfers.

NOTE 8 – 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.

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 9 – RISK MANAGEMENT

The Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24 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.

NOTE 10 – OPERATING LEASE

On June 25, 2012, the Regional Office entered into a lease agreement for a new alternative school location. The lease term is July 1, 2015 through June 30, 2019. The agreement provides for two four-year extensions and the landlord is to make certain leasehold improvements to the structure. The agreement required the Regional Office to place the sum of \$494,802 into a Strict Joint Order Escrow investment account upon execution of the lease. This amount will be decreased by base rent of \$31,714 each year. In fiscal year 2017, there is an additional rental payment of \$100,000. This will increase each year by the Consumer Price Index for all Urban Consumers (CPI-U).

Rental expense for the year ended June 30, 2015 was \$31,714.

Future minimum rentals for the year ending June 30 are:

Year Ending	
June 30,	Amount
2016	\$ 90,047
2017	131,714
2018	131,714
2019	131,714
	\$ 485,189

NOTE 11 – ON – BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Grundy/Kendall Counties Regional Office of Education #24:

Regional Superintendent - salary	\$ 111,108
Assistant Regional Superintendent - salary	100,020
Regional Superintendent Fringe Benefit (includes State paid insurance)	32,102
Assistant Regional Superintendent Fringe Benefit (includes State paid insurance)	6,286
THIS contributions	3,942
Total	\$ 253,458

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 12 – DUE FROM/TO OTHER GOVERNMENTS (Concluded)

Due To Other Governments:

<u>Agency Fund</u>	
Local Governments	\$ 3,059,896
Total	<u>\$ 3,059,896</u>

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

a. Plan Description

In addition to providing the pension benefits described, the Grundy & Kendall Counties ROE #24 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Grundy & Kendall Counties ROE #24 and can be amended by the Grundy & Kendall Counties ROE #24 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Grundy & Kendall Counties ROE #24 governmental funds.

b. Benefits Provided

The Grundy & Kendall Counties ROE #24 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Grundy & Kendall Counties ROE #24 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Grundy & Kendall Counties ROE #24 insurance provider.

c. Membership

At June 30, 2015 membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	5
Active nonvested plan members	6
Total	<u>11</u>
Number of participating employers	<u>1</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
(Continued)**

d. Funding Policy

The Grundy & Kendall Counties ROE #24 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and net OPEB Obligation

The Grundy & Kendall Counties ROE #24 had an actuarial valuation performed for the plan as of June 30, 2014 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2015. The Grundy & Kendall Counties ROE #24's annual OPEB cost (expense) of \$2,835 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2009. The Grundy & Kendall Counties ROE #24's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2015, 2014, and 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 5,087	\$ 4,622	91%	\$ 2,262
June 30, 2014	2,835	-	0%	5,097
June 30, 2015	2,835	-	0%	7,932

The net OPEB obligation as of June 30, 2014, was calculated as follows:

Annual Required Contribution	\$ 2,820
Interest on Net OPEB Obligation	90
Adjustment to Annual Required Contribution	<u>(75)</u>
Annual OPEB Cost	2,835
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	2,835
Net OPEB Obligation Beginning of year	<u>5,097</u>
NET OPEB OBLIGATION END OF YEAR	<u><u>\$ 7,932</u></u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
(Concluded)**

f. Funded Status and Funding Progress

The funded status of the plan was as follows:

	Fiscal Year	
	2015	2014
Actuarial Accrued Liability (AAL)	\$ 24,454	\$ 24,454
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	24,454	24,454
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ 537,315	\$ 344,844
UAAL as a Percentage of Covered Payroll	4.55%	7.09%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 and 2014, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 8.00% with a ultimate healthcare inflation rate of 6.00% increase for 2015 and later years. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Grundy & Kendall Counties ROE #24 has not advance funded its obligation. The plan’s unfunded actuarial accrued liability is being amortized using a level-percent-of-pay method. The remaining amortization period at June 30, 2015 and 2014 was 30 years.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The following adjustments were made to the General and Education Funds to correct the beginning fund balances. The Regional Safe School was moved from a General Fund to the Education Fund to reflect a more proper classification. A prepaid rent related to leasehold improvements was improperly included in capital outlay in the previous year.

<u>Governmental Funds - General Funds</u>	
Beginning fund balance, July 1, 2014	\$ 1,098,919
Reclassify Regional Safe School from General to the Education Fund	(1,689)
Adjustment capital asset moved to prepaid rent	25,064
Beginning fund balance July 1, 2014, Restated	<u><u>\$ 1,122,294</u></u>

<u>Governmental Funds - Education Fund</u>	
Beginning fund balance, July 1, 2014	\$ 16,458
Reclassify Regional Safe School from General to the Education Fund	1,689
Beginning fund balance July 1, 2014, Restated	<u><u>\$ 18,147</u></u>

The following adjustments were made to the Institute and PTTC Funds to correct the beginning fund balances. The PTTC Fund was included in the Institute Fund in the prior period. The PTTC Fund should be classified as a proprietary fund.

<u>Governmental Funds - Institute Fund</u>	
Beginning fund balance, July 1, 2014	\$ 104,344
Reclassify Institute fund balance to PTTC	(1,789)
Beginning fund balance July 1, 2014, Restated	<u><u>\$ 102,555</u></u>

<u>Proprietary Funds - PTTC</u>	
Beginning net position, July 1, 2014	\$ -
Reclassify Institute fund balance to PTTC	1,789
Beginning net position, July 1, 2014, Restated	<u><u>\$ 1,789</u></u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 14 – PRIOR PERIOD ADJUSTMENT (Concluded)

The beginning balance of net position on the Government Wide Statement of Activities was restated due to the implementation of GASB 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB no. 27* and to reclassify the PTTC Fund to a proprietary fund.

<u>Government Wide - Governmental Activities</u>	
Beginning net position, July 1, 2014	\$ 1,455,179
Adjustment for pension asset	49,294
Adjustment for deferred outflows of resources	21,838
Adjustment for pension liability	(48,833)
Reclassify Institute fund balance to PTTC	(1,789)
Beginning net position, July 1, 2014, Restated	<u><u>\$ 1,475,689</u></u>

The beginning balance of net position on the Government Wide Statement of Activities was restated reclassify the PTTC Fund to a proprietary fund. The PTTC Fund was included in the Institute Fund in the prior period. The PTTC Fund should be classified as a proprietary fund.

<u>Government Wide - Business Type Activities</u>	
Beginning net position, July 1, 2014	\$ 39,668
Reclassify Institute fund balance to PTTC	1,789
Beginning net position, July 1, 2014, Restated	<u><u>\$ 41,457</u></u>

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 49,429
Interest on the Total Pension Liability	53,931
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(3,501)
Changes of Assumptions	28,754
Benefit Payments, including Refunds of Employee Contributions	(20,708)
Net Change in Total Pension Liability	<u>\$ 107,905</u>
Total Pension Liability - Beginning	<u>704,470</u>
Total Pension Liability - Ending (A)	<u><u>\$ 812,375</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 38,190
Contributions - Employees	19,699
Net Investment Income	36,598
Benefit Payments, including Refunds of Employee Contributions	(20,708)
Other (Net Transfer)	(483)
Net Change in Plan Fiduciary Net Position	<u>\$ 73,296</u>
Plan Fiduciary Net Position - Beginning	<u>753,764</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 827,060</u></u>
 Net Pension Liability - Ending (A) - (B)	 <u><u>\$ (14,685)</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 101.81%
 Covered Valuation Payroll	 \$ 425,003
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 3.46%

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Valuation <u>Payroll</u>	Actual Contribution as a % of <u>Covered Valuation Payroll</u>
2014	\$ 35,573	\$ 38,190	\$ (2,617)	\$ 425,003	8.99%

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 is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 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

**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	0.00006272234424%
Employer's proportionate share of the net pension liability	\$ 38,172
State's proportionate share of the net pension liability associated with the employer	2,380,426
Total	<u>\$ 2,418,598</u>
Employer's covered-employee payroll	\$ 385,853
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.9%
Plan fiduciary net position as a percentage of the total pension liability	43.0%
<i>* The amounts presented were determined as of the prior fiscal-year end.</i>	

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

	June 30,	
	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 2,241	\$ 2,238
Contributions in relation to the contractually-required contribution	<u>2,241</u>	<u>2,238</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 386,370	\$ 385,853
Contributions as a percentage of covered-employee payroll	0.6%	0.6%

Notes to Schedule

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 was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
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)
6/30/15	\$ -	\$ 24,454	\$ 24,454	0.00%	\$537,315	4.55%
6/30/14	\$ -	\$ 24,454	\$ 24,454	0.00%	\$344,844	7.09%
6/30/13	-	24,454	24,454	0.00%	386,815	6.32%

OTHER SUPPLEMENTARY INFORMATION

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department
Assets					
Cash and cash equivalents	\$ 529,929	\$ -	\$ 58	\$ 2,802	\$ -
Due from other funds	82,743	-	-	-	-
Due from other governments					
Local	-	5,826	-	-	-
State	-	-	-	-	2,733
Prepaid expenses	78	-	-	-	-
Total Assets	\$ 612,750	\$ 5,826	\$ 58	\$ 2,802	\$ 2,733
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Due to other funds	-	1,926	-	-	2,688
Total Liabilities	-	1,926	-	-	2,688
Fund Balance (Deficit)					
Nonspendable	78	-	-	-	-
Assigned	-	-	-	2,802	-
Unassigned	612,672	3,900	58	-	45
Total Fund Balance (Deficit)	612,750	3,900	58	2,802	45
Total Liabilities and Fund Balance (Deficit)	\$ 612,750	\$ 5,826	\$ 58	\$ 2,802	\$ 2,733

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	Grundy/Kendall Counties State Aid	Premier Local Revenue	No Tolerance Task Force	In Touch Local	Totals
Assets					
Cash and cash equivalents	\$ 423,533	\$ 13,057	\$ 4,632	\$ 22	\$ 974,033
Due from other funds	-	-	-	-	82,743
Due from other governments					
Local	-	-	-	-	5,826
State	-	-	-	-	2,733
Prepaid expenses	32,192	-	-	-	32,270
Total Assets	\$ 455,725	\$ 13,057	\$ 4,632	\$ 22	\$ 1,097,605
Liabilities					
Accounts payable	\$ 40,941	\$ 129	\$ -	\$ -	\$ 41,070
Accrued payroll and employee benefits	23,650	-	-	-	23,650
Due to other funds	-	-	-	-	4,614
Total Liabilities	64,591	129	-	-	69,334
Fund Balance (Deficit)					
Nonspendable	210,298	-	-	-	210,376
Assigned	180,836	12,928	4,632	-	201,198
Unassigned	-	-	-	22	616,697
Total Fund Balance (Deficit)	391,134	12,928	4,632	22	1,028,271
Total Liabilities and Fund Balance (Deficit)	\$ 455,725	\$ 13,057	\$ 4,632	\$ 22	\$ 1,097,605

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2015**

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department
Revenues					
State sources	\$ -	\$ -	\$ -	\$ -	\$ 13,331
Local sources	32,310	116,236	-	628	-
On-behalf payments -State	253,458	-	-	-	-
Total Revenues	285,768	116,236	-	628	13,331
Expenditures					
Salaries and benefits	-	110,452	-	-	8,784
Purchased services	34,513	1,597	-	-	817
Supplies and materials	2,860	-	-	-	-
Payments to other governments	-	-	-	-	-
Other objects	-	-	-	-	-
On-behalf payments -State	253,458	-	-	-	-
Pension expense	-	8,886	-	-	705
Capital outlay	1,368	-	-	-	-
Total Expenditures	292,199	120,935	-	-	10,306
Excess/(Deficiency) of revenues over (under) expenditures	(6,431)	(4,699)	-	628	3,025
Other Financing Sources/(Uses)					
Interest	44	-	-	-	-
Total Other Financing Sources/(Uses)	44	-	-	-	-
Net change in fund balance	(6,387)	(4,699)	-	628	3,025
Fund Balance (Deficit), Beginning of year (restated - See Note 14)	619,137	8,599	58	2,174	(2,980)
Fund Balance , End of year	\$ 612,750	\$ 3,900	\$ 58	\$ 2,802	\$ 45

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2015**

	Grundy/Kendall Counties State Aid	Premier Local Revenue	No Tolerance Task Force	In Touch Local	Totals
Revenues					
State sources	\$ 960,386	\$ -	\$ -	\$ -	\$ 973,717
Local sources	-	8,963	1,435	-	159,572
On-behalf payments -State	-	-	-	-	253,458
Total Revenues	960,386	8,963	1,435	-	1,386,747
Expenditures					
Salaries and benefits	500,182	-	-	-	619,418
Purchased services	205,682	2,340	285	-	245,234
Supplies and materials	69,466	3,203	1,445	-	76,974
Payments to other governments	178,820	-	-	-	178,820
Other objects	-	640	-	-	640
On-behalf payments -State	-	-	-	-	253,458
Pension expense	15,361	-	-	-	24,952
Capital outlay	79,950	-	-	-	81,318
Total Expenditures	1,049,461	6,183	1,730	-	1,480,814
Excess/(Deficiency) of revenues over (under) expenditures	(89,075)	2,780	(295)	-	(94,067)
Other Financing Sources/(Uses)					
Interest	-	-	-	-	44
Total Other Financing Sources/(Uses)	-	-	-	-	44
Net change in fund balance	(89,075)	2,780	(295)	-	(94,023)
Fund Balance (Deficit), Beginning of year (restated - See Note 14)	480,209	10,148	4,927	22	1,122,294
Fund Balance , End of year	\$ 391,134	\$ 12,928	\$ 4,632	\$ 22	\$ 1,028,271

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	McKinney-Vento Education for Homeless Children and Youth
Assets					
Cash and cash equivalents	\$ -	\$ 8,790	\$ 204	\$ 15,282	\$ 1,760
Due from other governments					
State	-	11,150	-	-	-
Federal	42,001	-	-	-	-
Prepaid expenses	1,928	1,630	-	4	-
Total Assets	\$ 43,929	\$ 21,570	\$ 204	\$ 15,286	\$ 1,760
Liabilities					
Accounts payable	\$ 46	\$ -	\$ -	\$ -	\$ 426
Accrued payroll and employee benefits	-	8,790	-	2,840	-
Due to other funds	41,955	11,150	-	-	-
Unearned revenue	-	-	-	-	1,334
Total Liabilities	42,001	19,940	-	2,840	1,760
Fund Balance					
Nonspendable	1,928	1,630	-	4	-
Restricted	-	-	204	12,442	-
Unassigned	-	-	-	-	-
Total Fund Balance	1,928	1,630	204	12,446	-
Total Liabilities and Fund Balance	\$ 43,929	\$ 21,570	\$ 204	\$ 15,286	\$ 1,760

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Regional Safe School	Totals
Assets					
Cash and cash equivalents	\$ -	\$ 1,442	\$ 4,271	\$ -	\$ 31,749
Due from other governments					
State	-	-	-	30,868	42,018
Federal	-	-	-	-	42,001
Prepaid expenses	-	-	-	1,466	5,028
Total Assets	\$ -	\$ 1,442	\$ 4,271	\$ 32,334	\$ 120,796
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 472
Accrued payroll and employee benefits	-	-	-	5,844	17,474
Due to other funds	-	-	-	25,024	78,129
Unearned revenue	-	-	-	-	1,334
Total Liabilities	-	-	-	30,868	97,409
Fund Balance					
Nonspendable	-	-	-	1,466	5,028
Restricted	-	1,442	-	-	14,088
Unassigned	-	-	4,271	-	4,271
Total Fund Balance	-	1,442	4,271	1,466	23,387
Total Liabilities and Fund Balance	\$ -	\$ 1,442	\$ 4,271	\$ 32,334	\$ 120,796

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	McKinney-Vento Education for Homeless Children and Youth
Revenues					
State sources	\$ -	\$ 130,673	\$ -	\$ -	\$ -
Federal sources	146,273	-	-	-	19,250
Local sources	-	-	-	33,000	-
Total Revenues	<u>146,273</u>	<u>130,673</u>	<u>-</u>	<u>33,000</u>	<u>19,250</u>
Expenditures					
Salaries and benefits	130,097	117,028	-	28,151	13,947
Purchased services	6,491	12,222	-	2,252	4,464
Supplies and materials	245	-	-	-	839
Payments to other governments	-	-	-	-	-
Pension expense	8,453	1,570	-	2,245	-
Total Expenditures	<u>145,286</u>	<u>130,820</u>	<u>-</u>	<u>32,648</u>	<u>19,250</u>
Net change in fund balance	<u>987</u>	<u>(147)</u>	<u>-</u>	<u>352</u>	<u>-</u>
Fund Balance , Beginning of year (restated - See Note 14)	941	1,777	204	12,094	-
Fund Balance , End of year	<u>\$ 1,928</u>	<u>\$ 1,630</u>	<u>\$ 204</u>	<u>\$ 12,446</u>	<u>\$ -</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Regional Safe Schools	Totals
Revenues					
State sources	\$ 94,399	\$ -	\$ -	\$ 120,580	\$ 345,652
Federal sources	-	-	8,021	-	173,544
Local sources	-	-	11,700	-	44,700
Total Revenues	<u>94,399</u>	<u>-</u>	<u>19,721</u>	<u>120,580</u>	<u>563,896</u>
Expenditures					
Salaries and benefits	-	-	-	109,098	398,321
Purchased services	-	-	15,450	7,702	48,581
Supplies and materials	-	-	-	-	1,084
Payments to other governments	94,399	-	-	-	94,399
Pension expense	-	-	-	4,003	16,271
Total Expenditures	<u>94,399</u>	<u>-</u>	<u>15,450</u>	<u>120,803</u>	<u>558,656</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>4,271</u>	<u>(223)</u>	<u>5,240</u>
Fund Balance , Beginning of year (restated - See Note 14)	-	1,442	-	1,689	18,147
Fund Balance , End of year	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ 4,271</u>	<u>\$ 1,466</u>	<u>\$ 23,387</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
WIA GRANT
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 109,235	\$ 154,694	\$ 146,273
Total Revenues	<u>109,235</u>	<u>154,694</u>	<u>146,273</u>
Expenditures			
Salaries and benefits	90,596	127,419	130,097
Purchased services	9,929	16,828	6,491
Supplies and materials	257	1,994	245
Pension expense	8,453	8,453	8,453
Total Expenditures	<u>109,235</u>	<u>154,694</u>	<u>145,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	987
Fund Balance, Beginning of year			<u>941</u>
Fund Balance, Ending of year			<u>\$ 1,928</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 133,681	\$ 130,673	\$ 130,673
Total Revenues	<u>133,681</u>	<u>130,673</u>	<u>130,673</u>
Expenditures			
Salaries and benefits	119,698	116,707	117,028
Purchased services	12,413	12,396	12,222
Pension expense	1,570	1,570	1,570
Total Expenditures	<u>133,681</u>	<u>130,673</u>	<u>130,820</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(147)
Fund Balance, Beginning of year			<u>1,777</u>
Fund Balance, End of year			<u>\$ 1,630</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 94,339	\$ 94,339	\$ 94,399
Total Revenues	<u>94,339</u>	<u>94,339</u>	<u>94,399</u>
Expenditures			
Payments to other governments	94,339	94,339	94,399
Total Expenditures	<u>94,339</u>	<u>94,339</u>	<u>94,399</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II – TEACHER QUALITY – LEADERSHIP GRANT
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues			
Federal sources	\$ 8,301	\$ 8,209	\$ 8,021
Local sources	-	-	11,700
Total Revenues	<u>8,301</u>	<u>8,209</u>	<u>19,721</u>
Expenditures			
Purchased services	<u>8,301</u>	<u>8,209</u>	<u>15,450</u>
Total Expenditures	<u>8,301</u>	<u>8,209</u>	<u>15,450</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,271
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ 4,271</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOL
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 123,356	\$ 120,580	\$ 120,580
Total Revenues	<u>123,356</u>	<u>120,580</u>	<u>120,580</u>
Expenditures			
Salaries and benefits	110,725	108,875	109,098
Purchased services	8,628	7,702	7,702
Pension expense	4,003	4,003	4,003
Total Expenditures	<u>123,356</u>	<u>120,580</u>	<u>120,803</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(223)
Fund Balance , Beginning of year, Restated			<u>1,689</u>
Fund Balance , End of year			<u><u>\$ 1,466</u></u>

**GRUNDY/KENDALL COUNTIES
 REGIONAL OFFICE OF EDUCATION #24
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015**

	<u>School Bus Driver Training</u>	<u>General Education Development</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 50,099	\$ 4,871	\$ 54,970
Total Assets	<u>\$ 50,099</u>	<u>\$ 4,871</u>	<u>\$ 54,970</u>
Fund Balance			
Restricted	\$ 50,099	\$ 4,871	\$ 54,970
Total Fund Balance	<u>\$ 50,099</u>	<u>\$ 4,871</u>	<u>\$ 54,970</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015**

	School Bus Driver Training	General Education Development	Totals
Revenues			
State sources	\$ 772	\$ -	\$ 772
Local sources	5,524	4,127	9,651
Total Revenues	<u>6,296</u>	<u>4,127</u>	<u>10,423</u>
Expenditures			
Purchased services	4,116	3,124	7,240
Total Expenditures	<u>4,116</u>	<u>3,124</u>	<u>7,240</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>2,180</u>	<u>1,003</u>	<u>3,183</u>
Other Financing Sources/(Uses)			
Interest	33	-	33
Total Other Financing Sources/(Uses)	<u>33</u>	<u>-</u>	<u>33</u>
Net change in fund balance	2,213	1,003	3,216
Fund Balance - Beginning of year	<u>47,886</u>	<u>3,868</u>	<u>51,754</u>
Fund Balance - End of year	<u>\$ 50,099</u>	<u>\$ 4,871</u>	<u>\$ 54,970</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
June 30, 2015**

	<u>Distributive Fund</u>	<u>Outdoor Education Cooperative</u>	<u>Special Ed. - Personnel</u>	<u>Fed. - Sp. Ed. - Pre-School Flow Through</u>	<u>Fed. - Sp. Ed. - I.D.E.A. - Flow Through</u>	<u>National School Lunch and Breakfast Program</u>	<u>Totals</u>
Assets							
Cash and cash equivalents	\$ 75,267	\$ 2,475	\$ -	\$ -	\$ -	\$ -	\$ 77,742
Due from other governments	15	213	954,797	362	1,205,957	-	2,161,344
Pension asset	-	-	-	-	236,769	-	236,769
Total Assets	<u>75,282</u>	<u>2,688</u>	<u>954,797</u>	<u>362</u>	<u>1,442,726</u>	<u>-</u>	<u>2,475,855</u>
Deferred Outflows of Resources							
Deferred outflows related to pensions	-	-	-	-	627,553	-	627,553
Total Assets and Deferred Outflows of Resources	<u>\$ 75,282</u>	<u>\$ 2,688</u>	<u>\$ 954,797</u>	<u>\$ 362</u>	<u>\$ 2,070,279</u>	<u>\$ -</u>	<u>\$ 3,103,408</u>
Liabilities							
Due to other governments	\$ 75,282	\$ 2,688	\$ 954,797	\$ 362	\$ 2,026,767	\$ -	\$ 3,059,896
Total Liabilities	<u>75,282</u>	<u>2,688</u>	<u>954,797</u>	<u>362</u>	<u>2,026,767</u>	<u>-</u>	<u>3,059,896</u>
Deferred Inflows of Resources							
Deferred inflows related to pensions	-	-	-	-	43,512	-	43,512
Total Liabilities and Deferred Outflows of Resources	<u>\$ 75,282</u>	<u>\$ 2,688</u>	<u>\$ 954,797</u>	<u>\$ 362</u>	<u>\$ 2,070,279</u>	<u>\$ -</u>	<u>\$ 3,103,408</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2015**

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
<i><u>DISTRIBUTIVE FUND</u></i>				
Assets				
Cash and cash equivalents	\$ 75,968	\$ 7,962,179	\$ 7,962,880	\$ 75,267
Due from other governments	68,485	15	68,485	15
Total Assets	<u>\$ 144,453</u>	<u>\$ 7,962,194</u>	<u>\$ 8,031,365</u>	<u>\$ 75,282</u>
Liabilities				
Due to other governments	\$ 144,453	\$ 7,962,194	\$ 8,031,365	\$ 75,282
Total Liabilities	<u>\$ 144,453</u>	<u>\$ 7,962,194</u>	<u>\$ 8,031,365</u>	<u>\$ 75,282</u>
<i><u>OUTDOOR EDUCATION COOPERATIVE</u></i>				
Assets				
Cash and cash equivalents	\$ 10,498	\$ 112,429	\$ 120,452	\$ 2,475
Due from other governments	-	213	-	213
Total Assets	<u>\$ 10,498</u>	<u>\$ 112,642</u>	<u>\$ 120,452</u>	<u>\$ 2,688</u>
Liabilities				
Due to other governments	\$ 10,498	\$ 112,642	\$ 120,452	\$ 2,688
Total Liabilities	<u>\$ 10,498</u>	<u>\$ 112,642</u>	<u>\$ 120,452</u>	<u>\$ 2,688</u>
<i><u>SPECIAL ED. - PERSONNEL</u></i>				
Assets				
Due from other governments	\$ 117	\$ 3,903,220	\$ 2,948,540	\$ 954,797
Total Assets	<u>\$ 117</u>	<u>\$ 3,903,220</u>	<u>\$ 2,948,540</u>	<u>\$ 954,797</u>
Liabilities				
Due to other governments	\$ 117	\$ 3,903,220	\$ 2,948,540	\$ 954,797
Total Liabilities	<u>\$ 117</u>	<u>\$ 3,903,220</u>	<u>\$ 2,948,540</u>	<u>\$ 954,797</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2015**

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
<i><u>FED. - SP. ED. - PRE-SCHOOL FLOW THROUGH</u></i>				
Assets				
Due from other governments	\$ 2,894	\$ 45,642	\$ 48,174	\$ 362
Total Assets	<u>\$ 2,894</u>	<u>\$ 45,642</u>	<u>\$ 48,174</u>	<u>\$ 362</u>
Liabilities				
Due to other governments	\$ 2,894	\$ 45,642	\$ 48,174	\$ 362
Total Liabilities	<u>\$ 2,894</u>	<u>\$ 45,642</u>	<u>\$ 48,174</u>	<u>\$ 362</u>
<i><u>FED. - SP. ED. - I.D.E.A. - FLOW THROUGH</u></i>				
Assets				
Due from other governments	\$ 1,131,596	\$ 4,158,825	\$ 4,084,464	\$ 1,205,957
Pension asset	-	236,769	-	236,769
Total Assets	<u>1,131,596</u>	<u>4,395,594</u>	<u>4,084,464</u>	<u>1,442,726</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	-	627,553	-	627,553
Total Assets and Deferred Outflows of Resources	<u>\$ 1,131,596</u>	<u>\$ 5,023,147</u>	<u>\$ 4,084,464</u>	<u>\$ 2,070,279</u>
Liabilities				
Due to other governments	\$ 1,131,596	\$ 4,979,635	\$ 4,084,464	\$ 2,026,767
Total Liabilities	<u>1,131,596</u>	<u>4,979,635</u>	<u>4,084,464</u>	<u>2,026,767</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	-	43,512	-	43,512
Total Liabilities and Deferred Outflows of Resources	<u>\$ 1,131,596</u>	<u>\$ 5,023,147</u>	<u>\$ 4,084,464</u>	<u>\$ 2,070,279</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2015**

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
<i><u>NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM</u></i>				
Assets				
Due from other governments	\$ -	\$ 27,732	\$ 27,732	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 27,732</u>	<u>\$ 27,732</u>	<u>\$ -</u>
Liabilities				
Due to other governments	\$ -	\$ 27,732	\$ 27,732	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 27,732</u>	<u>\$ 27,732</u>	<u>\$ -</u>
<i><u>TOTALS</u></i>				
Assets				
Cash and cash equivalents	\$ 86,466	\$ 8,074,608	\$ 8,083,332	\$ 77,742
Due from other governments	1,203,092	8,135,647	7,177,395	2,161,344
Pension asset	-	236,769	-	236,769
Total Assets	<u>1,289,558</u>	<u>16,447,024</u>	<u>15,260,727</u>	<u>2,475,855</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	-	627,553	-	627,553
Total Assets and Deferred Outflows of Resources	<u>\$ 1,289,558</u>	<u>\$ 17,074,577</u>	<u>\$ 15,260,727</u>	<u>\$ 3,103,408</u>
Liabilities				
Due to other governments	\$ 1,289,558	\$ 17,031,065	\$ 15,260,727	\$ 3,059,896
Total Liabilities	<u>1,289,558</u>	<u>17,031,065</u>	<u>15,260,727</u>	<u>3,059,896</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	-	43,512	-	43,512
Total Liabilities and Deferred Outflows of Resources	<u>\$ 1,289,558</u>	<u>\$ 17,074,577</u>	<u>\$ 15,260,727</u>	<u>\$ 3,103,408</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the Year Ended June 30, 2015**

	Regional Office of Education #24	Kendall County Special Ed.	Grundy/ Kendall General School Fund	Total
Federal Special Education - IDEA Flow Through	\$ -	\$ 3,016,700	\$ -	\$ 3,016,700
Special Education Personnel	-	2,948,154	-	2,948,154
Lunch and Breakfast	318	-	-	318
National School Lunch	17,813	-	-	17,813
School Breakfast	9,919	-	-	9,919
General State Aid	960,386	-	-	960,386
ROE/ISC Operations	94,399	-	-	94,399
Truants Alternative	130,673	-	-	130,673
Regional Safe Schools	110,290	-	-	110,290
Medicaid Matching Fund	-	619,405	-	619,405
Fed. Spec. Ed. Pre School	-	45,280	-	45,280
Teacher Quality	750	-	-	750
Transfer to ROE General Fund	-	-	750	750
Leadership	7,271	-	-	7,271
ROE School Bus Driver Training	-	-	772	772
Totals	<u>\$ 1,331,819</u>	<u>\$ 6,629,539</u>	<u>\$ 1,522</u>	<u>\$ 7,962,880</u>