

**STATE OF ILLINOIS
IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the year ended June 30, 2017**

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

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**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

OFFICIALS

Regional Superintendent
(Current and during the audit period) Dr. Gregg Murphy

Assistant Regional Superintendent
(Current and during the audit period) Mr. Frank Petkunas

Office is located at:

1 Stuart Drive
Kankakee, Illinois 60901

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2017-001	13	Controls over Financial Statement Preparation	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2017.

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2016-002	18	Salaries and Benefits Not Supported by Proper Documentation	Material Weakness and Noncompliance
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PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

2016-002	18	Salaries and Benefits Not Supported by Proper Documentation	Material Weakness and Noncompliance
2016-003	18	Subrecipient Monitoring Documentation	Significant Deficiency and Noncompliance

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

COMPLIANCE REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The Iroquois and Kankakee Counties Regional Office of Education No. 32 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2017. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report. Responses to the recommendations were provided by Gregg Murphy, Regional Superintendent on March 23, 2018.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Iroquois and Kankakee Counties Regional Office of Education No. 32 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Iroquois and Kankakee Counties Regional Office of Education No. 32's basic financial statements.

MEMBERS

BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE
DAVID W. FALLER
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CERTIFIED PUBLIC ACCOUNTANTS
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613 BROADWAY AVENUE
P.O. BOX 945
MATTOON, ILLINOIS 61938

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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 Iroquois and Kankakee Counties Regional Office of Education No. 32, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 Iroquois and Kankakee Counties Regional Office of Education No. 32, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 19A - 19H, Illinois Municipal Retirement Fund - Schedules of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedules of the Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions on pages 70 - 74 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 Iroquois and Kankakee Counties Regional Office of Education No. 32's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and the Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
June 20, 2018

MEMBERS

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**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***

INDEPENDENT AUDITORS' REPORT

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 Iroquois and Kankakee Counties Regional Office of Education No. 32, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Iroquois and Kankakee Counties Regional Office of Education No. 32's basic financial statements, and have issued our report thereon dated June 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Iroquois and Kankakee Counties Regional Office of Education No. 32'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 *Governmental Auditing Standards*.

Iroquois and Kankakee Counties Regional Office of Education No. 32's Response to the Finding

The Iroquois and Kankakee Counties Regional Office of Education No. 32's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Iroquois and Kankakee Counties Regional Office of Education No. 32'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 Iroquois and Kankakee Counties Regional Office of Education No. 32'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 Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
June 20, 2018

MEMBERS

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Iroquois and Kankakee Counties Regional Office of Education No. 32's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Iroquois and Kankakee Counties Regional Office of Education No. 32's major federal programs for the year ended June 30, 2017. The Iroquois and Kankakee Counties Regional Office of Education No. 32's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Iroquois and Kankakee Counties Regional Office of Education No. 32's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Iroquois and Kankakee Counties Regional Office of Education No. 32's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Iroquois and Kankakee Counties Regional Office of Education No. 32's compliance.

Opinion on Each Major Federal Program

In our opinion, the Iroquois and Kankakee Counties Regional Office of Education No. 32 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Iroquois and Kankakee Counties Regional Office of Education No. 32 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Iroquois and Kankakee Counties Regional Office of Education No. 32's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
June 20, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2017**

Financial statements in accordance with GAAP

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major federal programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.010A	System of Support Title I - School Improvement and Accountability
84.366B	Mathematics and Science Partnerships

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee yes X no

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2017**

Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, 15-001, and 16-001)

Criteria/Specific Requirement:

The Iroquois and Kankakee Counties Regional Office of Education No. 32 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE'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 the 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 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 ROE does not have sufficient internal controls over the financial reporting process. The ROE 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 ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP basis financial statements and the Schedule of Expenditures of Federal Awards for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not have adequate controls over the maintenance of complete records of prepaid rent, due from other governments, unearned revenue, and unavailable revenue. While the ROE did maintain records to indicate the balances of due from other governments and unearned revenue, not all entries were provided to properly report the ROE's balances and activity.
- Fund balances for various funds were not properly recorded at year-end.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2017**

Finding No. 2017-001 – Controls over Financial Statement Preparation (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, 15-001, and 16-001) (Concluded)

Condition: (Concluded)

- The ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.
- All of the activity for one of the internal service funds was netted to an accounts receivable account rather than recorded to the appropriate revenue and expense accounts. All of the activity for three of the agency funds were netted into one liability account in each fund rather than recorded to the appropriate revenue and expense accounts in each fund.
- Numerous other adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

The ROE'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:

The complex requirements of GASB statements will require additional time and training before the Regional Office can fully implement the requirements on its own.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the ROE 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 ROE's activities and operations.

Management's Response:

In an attempt to correct this finding, the Regional Office will send its fiscal staff to various trainings to improve knowledge and skills related to generally accepted accounting principles (GAAP), as well as current and anticipated governmental accounting standards board (GASB) reporting requirements.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the year ended June 30, 2017**

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2017**

Corrective Action Plan

Finding No. 2017-001 – Controls Over Financial Statement Preparation (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, 15-001, and 16-001)

Condition:

The ROE does not have sufficient internal controls over the financial reporting process. The ROE 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 ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP basis financial statements and the Schedule of Expenditures of Federal Awards for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not have adequate controls over the maintenance of complete records of prepaid rent, due from other governments, unearned revenue, and unavailable revenue. While the ROE did maintain records to indicate the balances of due from other governments and unearned revenue, not all entries were provided to properly report the ROE's balances and activity.
- Fund balances for various funds were not properly recorded at year-end.
- The ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.
- All of the activity for one of the internal service funds was netted to an accounts receivable account rather than recorded to the appropriate revenue and expense accounts. All of the activity for three of the agency funds were netted into one liability account in each fund rather than recorded to the appropriate revenue and expense accounts in each fund.
- Numerous other adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

In an attempt to correct this finding, the Regional Office will send its fiscal staff to various trainings to improve knowledge and skills related to generally accepted accounting principles (GAAP), as well as current and anticipated governmental accounting standards board (GASB) reporting requirements.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2017**

Corrective Action Plan (Continued)

Finding No. 2017-001 – Controls Over Financial Statement Preparation (Repeat of Findings 10-01, 11-01, 12-01, 13-001, 14-001, 15-001, and 16-001) (Concluded)

Anticipated Date of Completion:

June 30, 2018

Name of Contact Person:

Dr. Gregg Murphy, Regional Superintendent

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2017**

2016-002	Salaries and Benefits Not Supported by Proper Documentation	Not Repeated
	During the current audit, audit testing results indicated the Regional Office implemented corrective action and documentation was provided to support the salaries and related benefits charged to the major federal programs.	
2016-003	Subrecipient Monitoring Documentation	Not Repeated
	During the current audit, audit testing results indicated the Regional Office implemented corrective action and documentation was provided to support the Regional Office's risk assessment of subrecipients and the obtaining of required certifications.	

MANAGEMENT'S DISCUSSION AND ANALYSIS

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

The Iroquois and Kankakee Counties Regional Office of Education No. 32 (Regional Office) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2017 with comparative information for the year ended June 30, 2016. We encourage readers to consider this information in conjunction with the Regional Office's financial statements, which follow.

2017 Financial Highlights

Within the Governmental Funds, the General Fund revenue increased by \$87,437 (6%), from \$1,445,023 in FY2016 to \$1,532,460 in FY2017. General Fund expenditures increased by \$11,175 (0.9%), from \$1,232,603 in FY2016 to \$1,243,778 in FY2017. The increase in revenue is primarily due to receiving all of the County funds due to the ROE for FY16 and part of funds covering FY17 in FY17. Expenditures in FY17 were consistent with those in FY16.

Within the Governmental Funds, the Education Fund revenue decreased by \$142,475 (7.1%), from \$2,005,214 in FY2016 to \$1,862,739 in FY2017. The Education Fund expenditures decreased by \$7,210 (0.4%), from \$2,037,634 in FY2016 to \$2,030,424 in FY2017. These decreases were due to reduction in the McKinney Vento Education for Homeless Children grant, partially offset by a new Teen REACH grant. In addition, over \$260,000 was reported as deferred inflows of resources rather than grant revenue because it was not received within 60 days of year-end. Expenditures in FY17 were consistent with those of FY16.

Within the Proprietary Funds, the Enterprise Funds revenue decreased by \$94,000 (24%), from \$387,275 in FY2016 to \$293,275 in FY2017. The Enterprise Funds expenses decreased by \$67,432 (21%), from \$315,791 in FY2016 to \$248,359 in FY2017. The Safe Schools Local Fund revenue decreased due to less slots from school districts. The Truant Local Fund and Nonmajor Enterprise Funds revenue decreased due to a reduction in donations. Expenses for Safe Schools Local decreased due to the transfer of custodial services payments to Internal Service Funds in FY2017. The Nonmajor Enterprise Funds expenses decreased in FY2017 due to the loss of a resource officer and the loss of an employee. In addition, two employees previously paid from Enterprise Funds were paid by grants in FY2017.

Within the Proprietary Funds, Internal Service Funds were added in FY17. They provide copier services and services for the maintenance and upkeep of the west wing of the building that houses various ROE programs.

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 statements provide information about the activities of the Regional Office as a whole and present an overall view of the Office's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

- The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements and Other Supplementary Information provides detailed information about the major and non-major funds.

Reporting the Regional Office of Education No. 32 as a Whole

It is important to note that many grants (such as Title I School Improvement and Accountability System of Support) are cooperative efforts of the Regional Office of Education No. 32 and other Regional Offices in Area IV. Therefore, these figures may reflect grants that are intended to serve Iroquois and Kankakee Counties only and also grants that serve Regional Offices of Education No. 9, No. 11, No. 17, No. 39 and No. 54.

The Statement of Net Position and the Statement of Activities

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

The two government-wide statements report the Regional Office's net position and how it has changed. Net position – the difference between the assets and liabilities – is one way to measure the Regional 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.

We divide the Regional Office's activities into three broad types:

Regulatory Activities - Supported primarily by the funds of Kankakee County and Iroquois County governments through a ratified Joint Agreement effectuated in 1995. The activities include, but are not limited to, Teacher/Administrator Certification, Health/Life Safety Inspections of school facilities, General Educational Development Administration, Bus Driver Training, etc. as prescribed in the Illinois School Code, Articles 3 and 3A.

Service Activities - Supported primarily through funds appropriated by the Illinois General Assembly and distributed to the Regional Office through the Illinois State Board of Education and through locally generated fees for service. The activities include assisting schools in all areas of school improvement, including staff development opportunities for teachers and administrators, etc. as prescribed in 105 ILCS 5/2-3.62.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Ombudsman Activities - Supported through various competitive grants and/or entitlements from various State and federal government agencies and including private trusts/contributions. The activities supported include, but are not limited to, truancy prevention efforts, drug prevention efforts, attention to homeless children and families, out-of-school time programming, provision of education for multi-suspended or potentially expelled students, etc.

Fund Financial Statements

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

The Office has three kinds of funds:

- (1) Governmental Funds account for most of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The Regional Office's governmental funds include: the General Fund and the Special Revenue Funds. The governmental funds' required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Proprietary Funds account for resources from fees charged directly to those entities or individuals that use its services including fees charged to other Regional Office funds for services provided on a cost-reimbursement basis. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds and internal service funds in the aggregate. The proprietary funds' required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.
- (3) Fiduciary Funds account for assets held by the Regional Office in a trust capacity or as a fiscal agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

A summary reconciliation between the Government-wide Financial Statements and the Fund Financial Statements are included after each Fund Financial Statement.

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 FY2017 and FY2016 totaled \$3,691,448 and \$3,010,885, respectively. The analysis that follows provides a summary of the Regional Office's net position as of June 30, 2017 and 2016.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

**CONDENSED STATEMENT OF NET POSITION
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current assets	\$3,047,226	\$2,789,348	\$1,469,026	\$1,905,265	\$4,516,252	\$4,694,613
Prepaid Rent, net of current portion	-	-	446,711	-	446,711	-
Capital assets, net of depreciation	27,925	-	27,714	-	55,639	-
TOTAL ASSETS	3,075,151	2,789,348	1,943,451	1,905,265	5,018,602	4,694,613
DEFERRED OUTFLOWS OF RESOURCES						
	542,252	584,678	42,569	39,657	584,821	624,335
LIABILITIES						
Current liabilities	90,002	100,978	49,731	32,813	139,733	133,791
Noncurrent liabilities	862,561	927,604	69,949	55,564	932,510	983,168
TOTAL LIABILITIES	952,563	1,028,582	119,680	88,377	1,072,243	1,116,959
DEFERRED INFLOWS OF RESOURCES						
	836,978	1,191,104	2,754	-	839,732	1,191,104
NET POSITION						
Net investment in capital assets	27,925	-	27,714	-	55,639	-
Restricted - other	338,458	320,975	-	-	338,458	320,975
Unrestricted	1,461,479	833,365	1,835,872	1,856,545	3,297,351	2,689,910
TOTAL NET POSITION	\$1,827,862	\$1,154,340	\$1,863,586	\$1,856,545	\$3,691,448	\$3,010,885

The Regional Office's net position increased by \$680,563 (23%) from FY2016 to FY2017. The increase in net position is due to the overall increase in income due to a decrease in expenses. The prepaid rent consists of payments for a building that houses the Regional Office and its programs.

The following analysis shows the changes in net position for the years ended June 30, 2017 and 2016.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

**CHANGES IN NET POSITION
For the Years Ended June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$0	\$0	\$289,210	\$378,080	\$289,210	\$378,080
Operating grants and contributions	2,874,547	2,877,925		–	2,874,547	2,877,925
General revenues:						
Local sources	405,894	402,367		–	405,894	402,367
Interest income	6,112	4,937	3,562	3,886	9,674	8,823
Pension benefits	136,352	152,111	503	5,309	136,855	157,420
On-behalf payments	588,579	553,696	–	–	588,579	553,696
Total revenues	<u>4,011,484</u>	<u>3,991,036</u>	<u>293,275</u>	<u>387,275</u>	<u>4,304,759</u>	<u>4,378,311</u>
Expenses:						
Salaries	1,709,874	1,517,515	105,012	93,295	1,814,886	1,610,810
Employee benefits	127,511	166,117	19,382	13,711	146,893	179,828
Pension expense	–	–	27,973	14,464	27,973	14,464
Purchased services	522,007	652,971	76,752	171,508	598,759	824,479
Supplies and materials	89,750	126,382	17,280	21,156	107,030	147,538
Capital outlay	19,773	–	–	–	19,773	–
Payments to other governmental units	267,816	396,232		–	267,816	396,232
Depreciation	6,981	–	116	–	7,097	–
Other	5,671	5,442	1,844	1,657	7,515	7,099
On-behalf payments	588,579	553,696	–	–	588,579	553,696
Total expenses	<u>3,337,962</u>	<u>3,418,355</u>	<u>248,359</u>	<u>315,791</u>	<u>3,586,321</u>	<u>3,734,146</u>
Income before operating transfers	673,522	572,681	44,916	71,484	718,438	644,165
Operating transfers	–	8,593	–	(8,593)	–	–
Change in net position	673,522	581,274	44,916	62,891	718,438	644,165
Net position, beginning (restated, see Note 18)	<u>1,154,340</u>	<u>573,066</u>	<u>1,818,670</u>	<u>1,793,654</u>	<u>2,973,010</u>	<u>2,366,720</u>
Net position, ending	<u>\$1,827,862</u>	<u>\$1,154,340</u>	<u>\$1,863,586</u>	<u>\$1,856,545</u>	<u>\$3,691,448</u>	<u>\$3,010,885</u>

Governmental Activities

Revenues from governmental fund activities were \$4,011,484 in FY2017 and expenses were \$3,337,962. Governmental revenues increased by \$20,448 (0.5%) and expenses decreased by \$80,393 (2.4%). Expenses represent a decrease in supplies and payments to other Governmental Units. Revenue was nearly consistent from FY16 to FY17.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Business-Type Activities

Revenues from business-type activities were \$293,275 and expenditures were \$248,359 in FY2017. Revenues decreased by \$94,000 (24%) and expenses decreased by \$67,432 (21%). The decrease in proprietary revenue was primarily due to decreased fees for Service Workshops and Life Education as well as a general decrease in all enterprise fund revenue. Purchased Services decreased as the Regional Office had a resource officer for the I-KAN schools in FY16 but not in FY17, and custodial services paid from Safe School Local in FY16 were transferred to the Internal Service Funds in FY17.

Financial Analysis of the Regional Office of Education No. 32 Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$2,534,913 at June 30, 2017. This is an increase of \$140,438 over the June 30, 2016 combined fund balance of \$2,394,475.

Governmental Fund Highlights

- State funding of Regional Office of Education increased - \$19,701 in FY17 from FY16. A portion of Addiction Prevention revenue was from state for a total \$26,731. Our office received FY17 funding for Teen REACH totaling \$77,760 which was received in December 2016 for the full amount. Our office was not awarded any funds for Teen REACH in FY16. Additionally more than \$155,000 was spent by state grants but not recognized as revenue since the funds were not received within 60 days of year-end.
- Federal Funding of the Regional Office decreased \$151,495 in FY17 from FY16. Funds for McKinney Education for Homeless Children decreased by approximately \$130,000. Our office was not awarded the fiscal agent of McKinney Education for Homeless Children. Title I School Improvement & Accountability System of Support funds decreased by nearly \$50,000. The increase in Drug Free Communities Grant was possible as a result of carryover from FY16 in the amount of \$32,666 for activities completed in FY17. Finally, \$105,000 was spent by federal grants but not recognized as revenue since the funds were not received within 60 days of year-end.

Proprietary Fund Highlights

Proprietary Funds were managed in a way that kept expenses less than revenue and increased net position by \$67,172. This increase represents \$44,916 from the Enterprise Funds and \$22,256 from the Internal Service Funds.

Fiduciary Fund Highlights

There was an increase of \$689,645 (321%) in total fiduciary fund assets from FY2016 to FY2017. Transactions represent mainly transfers in and out of the Distributive Fund for disbursements to school district treasurers and other entities. The increase was due to funds that were vouchered prior to year-end but received after the end of the fiscal year for the I-KAN Regional Office of Education, Iroquois Area Delivery System, Kankakee Area Regional Delivery System and Kankakee Area Career Center.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Budgetary Highlights

The Regional Office annually adopts budgets for several funds. Budgets for the General Fund and Special Revenue Fund Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares a County Support Budget and submits it to the two County Boards for their approval. The County Support Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. These fiscal years vary by design of the grants. The budgets may be amended during the year utilizing procedures prescribed by the granting agency.

Capital Assets

The Regional Office's capital assets include office equipment, copiers, computers, audio-visual equipment, and office furniture and remodeling. The Regional Office maintains an inventory of capital assets which have been accumulated over time. There were additions and disposals in FY2017. Additions included three copiers at a cost of \$34,906 for governmental activities and remodeling at a cost of \$27,830 for business-type activities. There was depreciation expense totaling \$6,981 for governmental activities and \$116 for business-type activities in FY2017. As of June 30, 2017, the Regional Office's capital assets remain in use.

Economic Factors and Next Year's Budget

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

- State funding of the Regional Offices of Education School Services program has a slight increase for FY18.
- General State Aid for Students All Learning Together and for Regional Alternative Attendance Center programs for FY18 remained level funded.
- Regional Safe School Program (RSSP) and Truants Alternative/Optional Education Program (TAOEP) grants are expected to remain at FY17 levels.
- Core services for the Title I School Improvement and Accountability Statewide System of Support (SSoS) remains under the direction of the Illinois Center for School Improvement with coaching services and foundational services provided by the Regional Office. The FY2018 grant budget decreased approximately \$96,800 from FY2017 revenue.
- The DHS Substance Abuse Prevention Program (SAP) is expected to have a slight increase in funding for FY18, with the addition of \$75,000 in grant funds for the Strategic Prevention Framework Partnerships for Success (SPF PFS). Teen REACH will be funded for 8 months for FY18 and Family Violence Coordinating Council will be funded for 9 months.
- Title II Teacher Quality Grant will continue in FY18.
- Math and Science Partnership STEM grant was awarded to the Regional Office for FY17 for \$250,000 and again for \$250,000 for FY18.
- County Support has decreased by 25% in the past years and is expected to remain level in FY18.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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 or the Finance Officer Administrator I of the Iroquois-Kankakee Regional Office of Education No. 32, 1 Stuart Drive, Kankakee, IL 60901.

BASIC FINANCIAL STATEMENTS

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF NET POSITION
June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,130,983	\$ 1,440,478	\$ 3,571,461
Due from other governments	916,243	4,776	921,019
Prepaid rent, current portion	-	23,772	23,772
Total current assets	<u>3,047,226</u>	<u>1,469,026</u>	<u>4,516,252</u>
Noncurrent assets			
Capital assets, net of depreciation	27,925	27,714	55,639
Prepaid rent, net of current portion	-	446,711	446,711
Total noncurrent assets	<u>27,925</u>	<u>474,425</u>	<u>502,350</u>
Total assets	<u>3,075,151</u>	<u>1,943,451</u>	<u>5,018,602</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>542,252</u>	<u>42,569</u>	<u>584,821</u>
Liabilities:			
Current liabilities:			
Accounts payable	25,390	1,414	26,804
Due to other governments	64,612	825	65,437
Unearned revenue	-	47,492	47,492
Total current liabilities	<u>90,002</u>	<u>49,731</u>	<u>139,733</u>
Noncurrent liabilities:			
Net pension liability	<u>862,561</u>	<u>69,949</u>	<u>932,510</u>
Total noncurrent liabilities	<u>862,561</u>	<u>69,949</u>	<u>932,510</u>
Total liabilities	<u>952,563</u>	<u>119,680</u>	<u>1,072,243</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	<u>836,978</u>	<u>2,754</u>	<u>839,732</u>
Net position:			
Net investment in capital assets	27,925	27,714	55,639
Restricted	338,458	-	338,458
Unrestricted	1,461,479	1,835,872	3,297,351
Total net position	<u>\$ 1,827,862</u>	<u>\$ 1,863,586</u>	<u>\$ 3,691,448</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2017**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
Instructional services:						
Salaries	\$ 1,709,874	\$ -	\$ 1,792,864	\$ 82,990	\$ -	\$ 82,990
Employee benefits	127,511	-	133,700	6,189	-	6,189
Purchased services	522,007	-	547,343	25,336	-	25,336
Supplies and materials	89,750	-	94,106	4,356	-	4,356
Capital outlay	19,773	-	19,773	-	-	-
Other	5,671	-	5,946	275	-	275
Payments to other governmental units	267,816	-	280,815	12,999	-	12,999
Depreciation	6,981	-	-	(6,981)	-	(6,981)
Administrative:						
On-behalf payments - State	588,579	-	-	(588,579)	-	(588,579)
Total governmental activities	<u>3,337,962</u>	<u>-</u>	<u>2,874,547</u>	<u>(463,415)</u>	<u>-</u>	<u>(463,415)</u>
Business-type activities:						
Professional development	248,359	289,210	-	-	40,851	40,851
Total business-type activities	<u>248,359</u>	<u>289,210</u>	<u>-</u>	<u>-</u>	<u>40,851</u>	<u>40,851</u>
Total primary government	<u>\$ 3,586,321</u>	<u>\$ 289,210</u>	<u>\$ 2,874,547</u>	<u>(463,415)</u>	<u>40,851</u>	<u>(422,564)</u>
General revenues:						
Local sources				405,894	-	405,894
On-behalf payments - State				588,579	-	588,579
Interest				6,112	3,562	9,674
Pension benefit				136,352	503	136,855
Total general revenues				<u>1,136,937</u>	<u>4,065</u>	<u>1,141,002</u>
Change in net position				673,522	44,916	718,438
Net position - beginning of year, restated (See note 18)				<u>1,154,340</u>	<u>1,818,670</u>	<u>2,973,010</u>
Net position - end of year				<u>\$ 1,827,862</u>	<u>\$ 1,863,586</u>	<u>\$ 3,691,448</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,784,116	\$ 57,125	\$ 288,462	\$ 2,129,703
Due from other funds	520,510	-	-	520,510
Due from other governments	313,660	602,573	10	916,243
Total assets	<u>\$ 2,618,286</u>	<u>\$ 659,698</u>	<u>\$ 288,472</u>	<u>\$ 3,566,456</u>
Liabilities:				
Accounts payable	\$ 542	\$ 24,605	\$ -	\$ 25,147
Due to other funds	-	520,510	-	520,510
Due to other governments	15	64,597	-	64,612
Total liabilities	<u>557</u>	<u>609,712</u>	<u>-</u>	<u>610,269</u>
Deferred inflows of resources:				
Unavailable revenue	159,460	261,814	-	421,274
Fund balances (deficits):				
Restricted	-	49,785	288,472	338,257
Unassigned	2,458,269	(261,613)	-	2,196,656
Total fund balances (deficits)	<u>2,458,269</u>	<u>(211,828)</u>	<u>288,472</u>	<u>2,534,913</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 2,618,286</u>	<u>\$ 659,698</u>	<u>\$ 288,472</u>	<u>\$ 3,566,456</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2017**

Total fund balances - governmental funds	\$ 2,534,913
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.	421,274
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, net	\$ 27,925	
Less internal service fund capital assets included in internal service fund net position below	<u>(27,925)</u>	-

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

Deferred outflows of resources	\$ 542,252	
Deferred inflows of resources	(836,978)	
Less internal service fund deferred outflows of resources included in internal service fund net position below	(9,474)	
Less internal service fund deferred inflows of resources included in internal service fund net position below	<u>613</u>	(303,587)

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

Net pension liability	\$ (862,561)	
Less internal service fund net pension liability included in internal service fund net position below	<u>15,567</u>	(846,994)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.

Internal service fund net position is:	<u>22,256</u>
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Net position of governmental activities	<u><u>\$ 1,827,862</u></u>
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The notes to the financial statements are an integral part of this statement.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2017**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 390,453	\$ 24	\$ 53,765	\$ 444,242
State sources	844,752	399,217	1,503	1,245,472
Federal sources	-	1,463,348	-	1,463,348
On-behalf payments	292,381	-	-	292,381
Interest	4,874	150	1,088	6,112
Total revenues	1,532,460	1,862,739	56,356	3,451,555
Expenditures:				
Instructional services:				
Salaries	595,161	1,079,378	16,343	1,690,882
Employee benefits	68,765	93,967	1,248	163,980
Pension expense	61,644	135,413	2,465	199,522
Purchased services	199,580	393,512	12,074	605,166
Supplies and materials	20,936	43,756	1,234	65,926
Other	2,120	-	3,551	5,671
Payments to other governmental units	-	267,816	-	267,816
On-behalf payments	292,381	-	-	292,381
Capital outlay	3,191	16,582	-	19,773
Total expenditures	1,243,778	2,030,424	36,915	3,311,117
Net change in fund balances	288,682	(167,685)	19,441	140,438
Fund balances (deficits), beginning of year	2,169,587	(44,143)	269,031	2,394,475
Fund balances (deficits), end of year	<u>\$ 2,458,269</u>	<u>\$ (211,828)</u>	<u>\$ 288,472</u>	<u>\$ 2,534,913</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the year ended June 30, 2017**

Net change in fund balances \$ 140,438

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

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

Current year unavailable revenue - local sources	\$ 159,460	
Current year unavailable revenue - operating grants	261,814	
Prior year unavailable revenue - local sources	(197,808)	
Prior year unavailable revenue - operating grants	<u>(96,087)</u>	127,379

The decrease in OPEB obligations resulting from actual contributions in excess of the annual required contributions did not provide current financial resources and, therefore, is not reported as a reduction of benefits in the governmental funds. 37,922

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

Pension contributions	\$ 199,522	
(Cost) benefit of pension benefits earned	136,352	
Plus internal service fund pension expense included in internal service fund net revenue below	<u>9,653</u>	345,527

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities. 22,256

Change in net position of governmental activities \$ 673,522

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Safe Schools Local	Truant Local	Nonmajor Enterprise Funds	Total	Internal Service Funds
	<u>Local</u>	<u>Local</u>	<u>Funds</u>	<u>Total</u>	<u>Service Funds</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 898,957	\$ 230,945	\$ 310,576	\$ 1,440,478	\$ 1,280
Due from other governments	-	-	4,776	4,776	-
Prepaid rent, current portion	23,772	-	-	23,772	-
Total current assets	<u>922,729</u>	<u>230,945</u>	<u>315,352</u>	<u>1,469,026</u>	<u>1,280</u>
Noncurrent assets:					
Capital assets, net of depreciaton	27,714	-	-	27,714	27,925
Prepaid rent, net of current portion	446,711	-	-	446,711	-
Total noncurrent assets	<u>474,425</u>	<u>-</u>	<u>-</u>	<u>474,425</u>	<u>27,925</u>
Total assets	<u>1,397,154</u>	<u>230,945</u>	<u>315,352</u>	<u>1,943,451</u>	<u>29,205</u>
Deferred outflows of resources:					
Deferred outflows related to pensions	6,413	30,090	6,066	42,569	9,474
Liabilities:					
Current liabilities:					
Accounts payable	-	-	1,414	1,414	243
Due to other governments	40	-	785	825	-
Unearned revenue	21,300	-	26,192	47,492	-
Total current liabilities	<u>21,340</u>	<u>-</u>	<u>28,391</u>	<u>49,731</u>	<u>243</u>
Noncurrent liabilities:					
Net pension liability	10,538	49,443	9,968	69,949	15,567
Total liabilities	<u>31,878</u>	<u>49,443</u>	<u>38,359</u>	<u>119,680</u>	<u>15,810</u>
Deferred inflows of resources:					
Deferred inflows related to pensions	415	1,947	392	2,754	613
Net position:					
Net investment in capital assets	27,714	-	-	27,714	27,925
Unrestricted	1,343,560	209,645	282,667	1,835,872	(5,669)
Total net position	<u>\$ 1,371,274</u>	<u>\$ 209,645</u>	<u>\$ 282,667</u>	<u>\$ 1,863,586</u>	<u>\$ 22,256</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

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

For the year ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Safe Schools Local	Truant Local	Nonmajor Enterprise Funds		Internal Service Funds
Operating revenues:					
Charges for services	\$ 131,357	\$ 56,391	\$ 101,462	\$ 289,210	\$ 135,093
Operating expenses:					
Salaries	12,821	60,684	31,507	105,012	18,992
Employee benefits	4,163	11,790	3,429	19,382	1,453
Pension expense	5,242	17,025	5,706	27,973	9,653
Purchased services	25,152	5,603	45,997	76,752	51,836
Supplies and materials	4,794	7,745	4,741	17,280	23,922
Depreciation expense	116	-	-	116	6,981
Other	-	-	1,844	1,844	-
Total operating expenses	52,288	102,847	93,224	248,359	112,837
Operating income (loss)	79,069	(46,456)	8,238	40,851	22,256
Nonoperating revenues:					
Interest	2,326	505	731	3,562	-
Pension benefit	-	-	503	503	-
Total nonoperating revenues	2,326	505	1,234	4,065	-
Income (loss) before transfers	81,395	(45,951)	9,472	44,916	22,256
Transfers in	103,464	-	-	103,464	-
Transfers out	-	-	(103,464)	(103,464)	-
Change in net position	184,859	(45,951)	(93,992)	44,916	22,256
Net position - beginning of year, restated (See note 18)	1,186,415	255,596	376,659	1,818,670	-
Net position - end of year	<u>\$ 1,371,274</u>	<u>\$ 209,645</u>	<u>\$ 282,667</u>	<u>\$ 1,863,586</u>	<u>\$ 22,256</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Safe Schools Local	Truant Local	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 140,657	\$ 56,391	\$ 101,729	\$ 298,777	\$ -
Receipts from interfund services provided	-	-	-	-	135,093
Payments to suppliers and providers of goods and services	(520,890)	(13,387)	(50,956)	(585,233)	(75,515)
Payments to employees	(18,980)	(81,834)	(36,823)	(137,637)	(23,392)
Net cash provided by (used for) operating activities	<u>(399,213)</u>	<u>(38,830)</u>	<u>13,950</u>	<u>(424,093)</u>	<u>36,186</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	103,464	-	-	103,464	-
Transfers to other funds	-	-	(103,464)	(103,464)	-
Net cash provided by (used for) noncapital financing activities	<u>103,464</u>	<u>-</u>	<u>(103,464)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(27,830)	-	-	(27,830)	(34,906)
Net cash used for capital and related financing activities	<u>(27,830)</u>	<u>-</u>	<u>-</u>	<u>(27,830)</u>	<u>(34,906)</u>
Cash flows from investing activities:					
Interest received	2,326	505	731	3,562	-
Net cash provided by investing activities	<u>2,326</u>	<u>505</u>	<u>731</u>	<u>3,562</u>	<u>-</u>
Net increase (decrease) in cash	(321,253)	(38,325)	(88,783)	(448,361)	1,280
Cash and cash equivalents - beginning of year	<u>1,220,210</u>	<u>269,270</u>	<u>399,359</u>	<u>1,888,839</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 898,957</u>	<u>\$ 230,945</u>	<u>\$ 310,576</u>	<u>\$1,440,478</u>	<u>\$ 1,280</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF CASH FLOWS (Concluded)
PROPRIETARY FUNDS
For the year ended June 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Safe Schools Local	Truant Local	Nonmajor Enterprise Funds	Total	Internal Service Funds
	<u>Local</u>	<u>Local</u>	<u>Funds</u>	<u>Total</u>	<u>Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 79,069	\$ (46,456)	\$ 8,238	\$ 40,851	\$ 22,256
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	116	-	-	116	6,981
Pension expense reconciliation	3,246	7,665	3,819	14,730	6,706
Change in assets and liabilities:					
Decrease in due from other governments	-	-	11,650	11,650	-
Increase in prepaid rents, current portion	(23,772)	-	-	(23,772)	-
Increase in prepaid rents, net of current portion	(446,711)	-	-	(446,711)	-
Increase (decrease) in accounts payable	(105)	(39)	1,141	997	243
Increase (decrease) in due to other governments	(20,356)	-	785	(19,571)	-
Increase (decrease) in unearned revenue	9,300	-	(11,683)	(2,383)	-
Net cash provided by (used for) operating activities	<u>\$ (399,213)</u>	<u>\$ (38,830)</u>	<u>\$ 13,950</u>	<u>\$ (424,093)</u>	<u>\$ 36,186</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 94
Due from other governments	<u> 904,531</u>
Total assets	<u><u> \$ 904,625</u></u>
Liabilities:	
Due to other governments	<u><u> \$ 904,625</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 32's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 32 was created by Illinois Public Act 76-735, as amended, effective August 7, 1995. The Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The region encompasses Iroquois and Kankakee counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 32 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 32 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 32's financial statements. In addition, the Regional Office of Education No. 32 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 32 being considered a component unit of the entity.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. An exception to this general rule relates to interfund services provided by the internal service funds. Elimination of these charges would distort the direct costs reported for the various functions concerned. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position includes all of the Regional Office of Education No. 32's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as transfers in/out 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. All internal balances in the Statement of Net Position have been eliminated.

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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

C. 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, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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. The Regional Office of Education No. 32 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenues in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 32's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

It is the Regional Office of Education No. 32's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education No. 32 reports the following major governmental funds:

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

General Operations – This fund accounts for monies received for, and payment of expenditures in connection with general administration activities.

General State Aid – This fund accounts for General State Aid grant monies received from the Illinois State Board of Education and the related payment of expenditures for the regional learning academy supplements.

Education Fund – This Special Revenue 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:

Addiction Prevention Comprehensive – This fund accounts for the federal, State, and local revenue received and expended under the drug prevention program developed and funded by the Illinois State Board of Education and the Illinois Department of Human Services. The school-based program focuses on prevention and coordination of school policies, curriculum, family support, and community activities to provide comprehensive addiction prevention efforts.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

1. Governmental Funds (Continued)

Education Fund (Continued)

Arrest Grant – This fund accounts for federal grant monies passed through the Illinois Violence Prevention Authority (IVPA) under the Grants to Encourage Arrest Policies and Enforcement program. The purpose of this grant is to encourage the treatment of sexual assault, domestic violence, dating violence and stalking as serious violations of criminal law requiring the coordinated involvement of the entire criminal justice system. It challenges the entire community to listen, communicate, identify problems, and share ideas that will result in new responses to ensure victim safety and offender accountability.

Child Nutrition – This fund accounts for Child Nutrition monies used to provide breakfast and lunch through the National School Breakfast Program, National School Lunch Program, and State Free Lunch and Breakfast Program to students enrolled in the Regional Alternative Attendance Center (RAAC), and Students All Learning Together (SALT) Program.

Child Protection Data Courts (CPDC) Project – These funds, received from the Administrative Office of the Illinois Courts (AOIC), are used to perform data collection and provide monies for on-site visits, local CPDC meetings, CPDC project networking meetings, data-related activity, and technical assistance.

Drug Free Communities – These funds are a collaborative effort between the Office of National Drug Control Policy (ONDCP) and the Substance Abuse and Mental Health Services Administration (SAMHSA). The purpose of DFC funding is to address two major goals: 1) establish and strengthen collaboration among communities, public and private non-profit agencies, and federal, State, local and tribal governments to support the efforts of community coalitions, and 2) reduce substance abuse among youth and over time, among adults.

HUD Supportive Housing Program – This fund accounts for grant monies received from the U.S. Department of Housing and Urban Development for the Supportive Housing grant. Funds are used to provide case management, information and referral, and transportation services for homeless families with children, helping the families to meet their basic needs and obtain permanent housing.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

1. Governmental Funds (Continued)

Education Fund (Continued)

Mathematics and Science Partnerships – This fund is a professional development program designed to improve the content knowledge and pedagogical skills of 5th through 12th grade teachers in mathematics and science.

Mathematics and Science Partnerships – STEM – This fund is a professional development program designed to improve the content knowledge and pedagogical skills of 5th through 12th grade teachers in mathematics and science.

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

Partnerships for Success – This fund accounts for federal grant monies received for the Drug-Free Communities Support Program from the White House Office of National Drug Control Policy in cooperation with the Substance Abuse and Mental Health Services Administration. The goals of the program are to establish and strengthen community collaboration in support of local efforts to prevent youth substance use.

Rural Education Achievement Program (REAP) – This fund accounts for federal monies received from the Department of Education associated with the Small, Rural School Achievement Program. This program is designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

1. Governmental Funds (Continued)

Education Fund (Continued)

Regional Safe Schools Cooperative Education Program – The RSSCEP program is specifically aimed at assisting suspended or expelled youth to become reoriented and motivated through a combination of paid work experience related to existing career opportunities with potential for advancement. The program prepares the student to complete their education by participating in career-related classroom(s) and structure cooperative work experience provided by a private sector.

Regional Office of Education/ Intermediate Service Centers (ROE/ISC) Operations – This fund accounts for the funding of the Regional Office of Education No. 32 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology and other activities based upon the needs of local school districts and State and federal mandates.

Teen Reach – This fund accounts for grant monies received and expenditures incurred for the Teen Reach (Responsibility, Education, Achievement, Caring and Hope) program implemented by the Illinois Department of Human Services. The program focuses on improving academic performance, preventing violence and risky behaviors, encouraging parental involvement, and creating opportunities for recreation and sports activities for the youth ages 6-17.

Title I School Improvement and Accountability System of Support (SSOS) – This fund supports the improvement of basic programs operated by the Regional Office of Education No. 32 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch lists.

Title II Teacher Quality – This fund accounts for the proceeds of a grant passed through the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Title II Teacher Quality – Leadership Grant – Evaluation Training – This program accounts for the proceeds of a grant passed through the Illinois State Board of Education to establish teacher and principal evaluation systems to ensure teachers and leaders receive targeted support and improvement opportunities, and to improve student learning.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

1. Governmental Funds (Continued)

Education Fund (Continued)

Truants' Alternative Program – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education No. 32. It offers prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

Additionally, the Regional Office of Education No. 32 reports the following nonmajor governmental funds:

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

Bus Driver Training – This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

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

Institute – This fund accounts for teacher license registration, issuance and evaluation fees for processing licenses, and expenses of meetings of a professional nature. The Regional Superintendent uses these proceeds to pay administration expenses incurred on behalf of the teachers' institute licenses, workshops, and general meetings. All funds generated remain restricted until expended only on the aforementioned activities.

Project Care Healthy Decision – This fund accounts for revenue received and expenditures incurred in providing a suicide hotline for students.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

2. Proprietary Funds

Enterprise Funds - Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges.

The Regional Office of Education No. 32 reports the following major enterprise funds:

Safe Schools – Local – This fund accounts for local revenues and disbursements related to the Safe School program.

Truant – Local – This fund accounts for local revenues and disbursements related to the Truant program.

The Regional Office of Education No. 32 reports the following nonmajor enterprise funds:

Administrator's Academy – Local – This fund accounts for local revenues and disbursements related to the Administrator's Academy Program.

Criminal Background Investigation – This fund accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

Family Violence Coordinating Councils – This fund accounts for funds received to provide community awareness, coordination, and training to impede family violence.

Life Education – Local – This fund accounts for local revenues received and related disbursements for the Life Education program.

Local Induction Mentoring Training Fees – This fund accounts for local revenues and disbursements for Induction and Mentoring Training programs.

ROE Workshops – This fund accounts for local revenues and disbursements related to various workshops conducted by the Regional Office of Education No. 32 which are not accounted for in a separate fund.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

2. Proprietary Funds (Continued)

Nonmajor Enterprise Funds

School Lunch Student Payments – This fund accounts for local revenues and disbursements for the Students School Lunch program.

Services Provided HUD – This fund accounts for local revenues and disbursements in providing supplemental education for students from low-income families.

Statewide System of Support (SSOS) Foundational Services – This fund accounts for local revenues and disbursements related to the Title I – SSOS Foundational Services program.

Supplemental Educational Services – This fund accounts for local revenues and disbursements in providing supplemental education for students from low-income families.

Title I Workshops – This fund accounts for local revenues and disbursements for workshops related to the Title I School Improvement & Accountability program.

Internal Service Funds – Internal service funds are used to account for activities that provide goods or services to other funds on a cost-reimbursement basis.

The Regional Office of Education No. 32 reports the following internal service funds:

Copier Fees – This fund is used to categorize any revenues and expenses related to in-house copying.

West Wing Operations – This fund is used to categorize shared revenues and expenses associated with the facility at 50 W. Industrial Park Drive, Kankakee, IL that houses our Regional Alternative Attendance Center (RAAC), Students All Learning Together (SALT), Regional Instructional Center (RIC), Life Education Programs (LEC) which consist of Substance Abuse Prevention Program (SAPP), Strategic Prevention Framework – Partnership for Success (SPF-PFS), Drug Free Communities (DFC), Teen REACH, and Local LEC.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

3. Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education No. 32 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency funds include the following:

Distributive Fund - This fund distributes federal and State funds to school districts and other entities under the oversight of the Regional Superintendent. Interest revenue earned on the custodial funds collected is part of the overall revenue of the General Fund. This treatment is in accordance with an agreement between the Regional Office of Education No. 32 and all the school boards within the Iroquois and Kankakee Counties Regional Office of Education No. 32.

Petitions and Detachment – This fund accounts for the receipts and disbursements related to petitions filed for annexation or detachment of school district boundaries.

Impact Fees - This fund accounts for fees paid by applicants for a new dwelling that lies within specific school districts in Kankakee County. These fees are utilized by the school districts to offset costs associated with new growth in the school district.

Tenant Rental - This fund accounts for rent paid from the tenant occupying the same building as the Regional Office of Education No. 32. This rent is passed through Regional Office of Education No. 32 to Kankakee County to help cover insurance and other costs associated with the building.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1. Deposits and Investments

The Regional Office of Education No. 32 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 32 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

1. Deposits and Investments (Continued)

Statutes authorize the Regional Office of Education No. 32 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Capital Assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets, such as equipment, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Assets	Years
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment	5-20
Improvements	20

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

4. Deferred Outflows of Resources and Deferred Inflows of Resources

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position/fund balance 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 in the Governmental Funds Balance Sheet consist of grant and county receivables not collected within sixty days after the year end.

Deferred inflows of resources in the Statement of Net Position primarily consist of the unamortized portion of the changes in proportion and differences between employer contributions and proportionate share of contributions.

5. Equity Classifications

Government-wide and Proprietary Fund Statements

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

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

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Equity Classifications (Continued)

Government-wide and Proprietary Fund Statements (Continued)

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.

Governmental Fund Statements

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

Nonspendable Fund Balance - the portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. There are no funds presenting a nonspendable fund balance.

Restricted Fund Balance - the portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, and Institute. The following accounts are restricted by a grant agreement or contract: Child Nutrition, HUD Supportive Housing Program, Teen Reach, and Project Care Healthy Decision.

Committed Fund Balance - the portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no funds presenting a committed fund balance.

Assigned Fund Balance - the portion of a governmental fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no funds presenting an assigned fund balance.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Concluded)

5. Equity Classifications (Concluded)

Governmental Fund Statements (Concluded)

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances (deficits): General Operations and General State Aid. The following Education Fund accounts have unassigned fund deficits: Addiction Prevention Comprehensive, Arrest Grant, CPDC Project, McKinney Education for Homeless Children, Regional Safe Schools, Regional Safe Schools Cooperative Education Program, ROE/ISC Operations, Title I School Improvement & Accountability System of Support, and Truants' Alternative Program.

6. Compensated Absences

All employees who work for 12 calendar months earn vacation time. Unused vacation time does not accumulate and carryover for future calendar years. Sick pay may accumulate for all full-time employees (IMRF & TRS employees) up to a maximum of 120 days. Unused sick pay for those employees may be used as service credit towards the employee's retirement when the employee retires. There are no material accumulations of sick pay or vacation pay at June 30, 2017.

E. New Accounting Pronouncement

In 2017, the Regional Office of Education No. 32 implemented Governmental Accounting Standards Board (GASB) Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77 – *Tax Abatement Disclosures*, GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. These Statements had no impact on the financial statements of the Regional Office of Education No. 32.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 32 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets are also prepared for certain other grant funding. Budgetary Comparison Schedules have been presented for the following grants: Addiction Prevention Comprehensive, Arrest Grant, CPDC Project, Drug Free Communities, Mathematics and Science Partnerships, Mathematics and Science Partnerships-STEM, McKinney Education for Homeless Children, Partnerships for Success, Regional Safe Schools, Regional Safe Schools Cooperative Education Program, ROE/ISC Operations, Title I School Improvement & Accountability System of Support, Title II – Teacher Quality, Title II – Teacher Quality Leadership - Evaluation Training, and Truants' Alternative Program.

3. USE OF ESTIMATES

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

4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

Illinois State Board of Education (ISBE) funds received by the Regional Office of Education No. 32 for the Distributive Fund accrue interest for the period of time between the receipt of funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund. Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the General Fund.

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2017, the carrying amount of the Regional Office of Education No. 32's deposits, which do not include Illinois Funds Money Market Fund accounts, for the governmental activities and business-type activities were \$1,960,487 and \$1,440,478, respectively. The bank balances totaled \$3,481,473 all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 32's name, and were, therefore, not exposed to custodial credit risk.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

At June 30, 2017, the carrying amount of the Regional Office of Education No. 32's deposits in the Illinois Funds Money Market Fund for the governmental activities and fiduciary funds were \$170,496 and \$94, respectively. The bank balance invested in the Illinois Funds Money Market Fund was \$170,590. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 32's governmental activities.

Credit Risk

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

Interest Rate Risk

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

Concentration of Credit Risk

According to The Illinois Funds' investment policy, "the majority of The Illinois Funds' investments will be in direct obligations of the United States Treasury and United States Government Agencies and Instrumentalities and cash equivalents." Investment limitations include a maximum of 5% of its total assets in securities issued by any single commercial paper issuer, 5% of its assets in obligations of corporations or limited liability companies, and 25% of its total assets in any approved AAAM Money Market Fund.

6. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education No. 32 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters. The Regional Office of Education No. 32 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

7. CONTINGENCIES

The Regional Office of Education No. 32 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 32 currently has a negative adjustment to its program year 2016 Title I School Improvement and Accountability System of Support (SSOS) grant related to documentation for salaries charged to the grant. The Illinois State Board of Education (ISBE) may apply a similar adjustment to the program year 2017 SSOS grant and Mathematics and Science Partnerships grants. The amount that may ultimately be returned to the ISBE is currently undetermined. The Regional Office of Education No. 32 believes that any other adjustments that may arise will be insignificant to the Regional Office of Education No. 32's operations.

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 21,897	\$ 34,906	\$ 15,402	\$ 41,401
Less accumulated depreciation for:				
Equipment	<u>(21,897)</u>	<u>(6,981)</u>	<u>(15,402)</u>	<u>(13,476)</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 27,925</u>	<u>\$ -</u>	<u>\$ 27,925</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 10,816	\$ -	\$ 10,816	\$ -
Improvements	-	27,830	-	27,830
Less accumulated depreciation for:				
Equipment	(10,816)	-	(10,816)	-
Improvements	<u>-</u>	<u>(116)</u>	<u>-</u>	<u>(116)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 27,714</u>	<u>\$ -</u>	<u>\$ 27,714</u>

Depreciation expense was charged to Instructional Services (functions/programs) of the Regional Office of Education No. 32 as follows:

Governmental activities:	
Instructional services	<u>\$ 6,981</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS (Continued)

Depreciation expense was charged to Professional Development (functions/programs) of the Regional Office of Education No. 32 as follows:

Business-type activities:	
Professional development	<u>\$ 116</u>

9. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

The Regional Office of Education No. 32 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 <https://www.trsil.org/financial/cafrs/fy2016>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

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.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Benefits Provided (Continued)

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 32.

On behalf contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 32. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education No. 32 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 32, and the Regional Office of Education No. 32 recognized revenue and expenditures of \$296,198 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$3,095 and are deferred because they were paid after the June 30, 2016 measurement date.

Federal and special trust fund contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 32, there is a statutory requirement for the Regional Office of Education No. 32 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.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$152,824 were paid from federal and special trust funds that required employer contributions of \$58,898. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Employer retirement cost contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 32 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education No. 32 paid no employer ERO contributions to TRS for retirements that occurred before July 1, 2016.

The Regional Office of Education No. 32 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the Regional Office of Education No. 32 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, the Regional Office of Education No. 32 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	\$ 120,522
State's proportionate share of the net pension liability associated with the employer	3,016,085
Total	\$ 3,136,607

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education No. 32's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education No. 32's proportion was 0.0001526829 percent, which was an increase of 0.0000264373 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education No. 32 recognized pension expense of \$296,198 and revenue of \$296,198 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education No. 32 recognized a pension benefit of \$365,472. At June 30, 2017, the Regional Office of Education No. 32 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 891	\$ 82
Net difference between projected and actual earnings on pension plan investments	3,405	-
Changes of assumptions	10,351	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>14,024</u>	<u>807,677</u>
Total deferred amounts to be recognized in pension expense in future periods	28,671	807,759
Employer contributions made subsequent to the measurement date	<u>61,993</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 90,664</u>	<u>\$ 807,759</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

\$61,993 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Net Deferred Inflows of Resources
2018	\$ 373,962
2019	373,962
2020	39,186
2021	(6,814)
2022	(1,208)
Total	<u>\$ 779,088</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	varies by amount of service credit
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	<u>100%</u>	

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of the Regional Office of Education No. 32's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 32's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the Regional Office of Education No. 32's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Lower (5.83%)	Current Discount Rate (6.83%)	1% Higher (7.83%)
Employer's proportionate share of the net pension liability	<u>\$ 147,403</u>	<u>\$ 120,522</u>	<u>\$ 98,567</u>

TRS Fiduciary Net Position

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 32's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 32'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.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	<u>24</u>
Total	<u><u>60</u></u>

Contributions

As set by statute, the Regional Office of Education No. 32's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 32's annual contribution rate for calendar year 2016 was 15.68%. For the calendar year 2016, the Regional Office of Education No. 32 contributed \$148,572 to the plan. The Regional Office of Education No. 32 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.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The Regional Office of Education No. 32's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38%	6.85%
International equity	17%	6.75%
Fixed income	27%	3.00%
Real estate	8%	5.75%
Alternative investments	9%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2015	\$ 4,012,780	\$ 3,150,239	\$ 862,541
Changes for the year:			
Service cost	102,934	-	102,934
Interest on the total pension liability	300,490	-	300,490
Differences between expected and actual experience of the total pension liability	(39,915)	-	(39,915)
Contributions - employer	-	148,572	(148,572)
Contributions - employees	-	48,736	(48,736)
Net investment income	-	220,125	(220,125)
Benefit payments, including refunds of employee contributions	(118,654)	(118,654)	-
Other (net transfer)	-	(3,371)	3,371
Net changes	<u>244,855</u>	<u>295,408</u>	<u>(50,553)</u>
Balances at December 31, 2016	<u>\$ 4,257,635</u>	<u>\$ 3,445,647</u>	<u>\$ 811,988</u>

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 (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net Pension Liability	<u>\$ 1,394,728</u>	<u>\$ 811,988</u>	<u>\$ 329,341</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2017, the Regional Office of Education No. 32 recognized pension expense of \$256,590. At June 30, 2017, the Regional Office of Education No. 32 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 133,763	\$ 31,973
Changes of assumptions	64,155	-
Net difference between projected and actual earnings on pension plan investments	215,143	-
Total deferred amounts to be recognized in pension expense in future periods	413,061	31,973
Pension contributions made subsequent to the measurement date	81,096	-
Total deferred amounts related to pensions	\$ 494,157	\$ 31,973

\$81,096 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, 2018. 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:

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

Year Ending December 31,	Net Deferred Outflows of Resources
2017	\$ 136,427
2018	136,429
2019	107,527
2020	910
2021	(205)
Total	\$ 381,088

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered “nonparticipating employees”. These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

10. OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education No. 32 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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 the TRS who are not employees of the state to make a contribution to the THIS Fund.

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

On behalf contributions to the THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 32. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$5,977, and the Regional Office of Education No. 32 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2016 and June 30, 2015 were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 32 employees were \$4,066 and \$5,140, respectively.

Employer contributions to the THIS Fund - The Regional Office of Education No. 32 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year end June 30, 2017 and 0.80 and 0.76 percent during the years ended June 30, 2016 and June 30, 2015, respectively. For the year ended June 30, 2017, the Regional Office of Education No. 32 paid \$4,483 to the THIS Fund. For the years ended June 30, 2016 and June 30, 2015, the Regional Office of Education No. 32 paid \$4,022 and \$3,829 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Other Post-employment Benefits

The Regional Office of Education No. 32 allows employees, who retire through the Regional Office of Education No. 32's plan disclosed in Note 9B, the option to continue in the Regional Office of Education No. 32's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. The plan includes an implicit rate subsidy. Coverage continues until the covered participant reaches Medicare eligibility. Management has determined that the current year accrual for post-employment benefit liability is immaterial to the financial statements; therefore, this amount has not been accrued.

11. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 32 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 32 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

12. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2017, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 520,510	\$ -
Education Fund	-	520,510
Totals	\$ 520,510	\$ 520,510

All of the interfund balances due to the General Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

13. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 32's General Fund, Education Fund, Nonmajor Special Revenue Funds, Nonmajor Proprietary Funds, Agency Fund, and Safe Schools Local Fund had funds due from/to various other governmental units which consisted of the following at June 30, 2017:

Due from other governments:

General Fund:

Local governments	<u>\$ 313,660</u>
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Education Fund:

Administrative Office of the Illinois courts	258
Illinois Department of Human Services	59,236
Illinois State Board of Education	497,844
Regional Office of Education No. 11	16,759
Illinois Criminal Justice Information Authority	6,739
US Department of Health and Human Services	16,878
US Department of Housing and Urban Development	4,859
	<u>602,573</u>

Nonmajor Special Revenue Funds:

Local governments	<u>10</u>
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Nonmajor Enterprise Funds:

Local governments	<u>4,776</u>
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\$ 921,019

Agency Fund:

Illinois State Board of Education	<u>\$ 904,531</u>
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**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

13. DUE TO/DUE FROM OTHER GOVERNMENTS (Continued)

Due to other governments:

General Fund:	
Local governments	<u>\$ 15</u>
Education Fund:	
Local governments	<u>64,597</u>
Safe Schools Local Fund:	
Local governments	<u>40</u>
Nonmajor Enterprise Funds:	
Local governments	<u>785</u>
	<u><u>\$ 65,437</u></u>
Agency Funds:	
Local governments	<u><u>\$ 904,625</u></u>

14. ON-BEHALF PAYMENTS

The Regional Office of Education No. 32 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$ 112,800
Regional Superintendent-benefits (includes State paid insurance)	36,398
Assistant Regional Superintendent-salary	101,520
Assistant Regional Superintendent-benefits (includes State paid insurance)	35,686
Teachers' Health Insurance System	<u>5,977</u>
	<u><u>\$ 292,381</u></u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

14. ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education No. 32 also recorded \$296,198 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 32 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 292,381
On-behalf payments for the Regional Office of Education No. 32's share of TRS pension expense	296,198
Total	\$ 588,579

15. OPERATING LEASE/PREPAID RENT

On December 23, 2016, the Regional Office of Education No. 32 entered into an Intergovernmental Agreement with the Kankakee County Public Building Commission and the Kankakee County Board. This agreement provided that the Regional Office of Education No. 32 was to pay the purchase price for property located at 1 Stuart Drive and 50 Industrial Drive, Kankakee, IL 60901. Title to the property would be held by the Kankakee County Public Building Commission until the full purchase price was paid by the Regional Office of Education No. 32, at which time title would pass to the Kankakee County Board. The Kankakee County Board is responsible for ongoing support and maintenance costs for the building. The building is to be used by the Regional Office of Education No. 32's programs as well as provide office space. The portion of the building not utilized by the Regional Office of Education No. 32 is to be leased to a third party to assist the Kankakee County Board with maintenance costs. The agreement is for a period of 20 years and will automatically renew for an additional 20 years unless specifically canceled. The agreement may be terminated, modified, or changed at any time by agreement of all parties in writing.

Since the benefit provided to the Regional Office of Education No. 32 is the use of the building, the payments for the building will be reported as prepaid rent. The prepaid rental activity associated with this operating lease for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Expense Within One Year
Safe Schools Local	\$ -	\$ 475,435	\$ 4,952	\$ 470,483	\$ 23,772

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

16. TRANSFERS

During the year ended June 30, 2017, the Regional Office of Education No. 32 reported the following transfers:

Fund	Transfers In	Transfers Out
Safe Schools Local	\$ 103,464	\$ -
Nonmajor Enterprise Funds	-	103,464
Totals	\$ 103,464	\$ 103,464

This transfer was to provide funding for the Safe Schools Local Fund for the financing of a building, reported as prepaid rent.

17. DEFICIT FUND BALANCES

The following individual funds had negative fund balances as of June 30, 2017:

General Operations	\$ 28,141
Addiction Prevention Comprehension	29,356
Arrest Grant	6,738
CPDC Project	258
McKinney Education for Homeless Children	13,288
Regional Safe Schools	40,344
Regional Safe Schools Cooperative Education Program	22,275
ROE/ISC Operations	8
Title I School Improvement & Accountability System of Support	56,314
Truants' Alternative Program	93,032

The Regional Office of Education No. 32 intends to reduce expenses and possibly transfer funds to reduce the General Operations deficit fund balance in future periods. The deficit fund balances for the other funds will be eliminated during the fiscal year ending June 30, 2018 when unavailable revenue is recognized as revenue.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

NOTES TO FINANCIAL STATEMENTS

18. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2017, the Regional Office of Education No. 32 determined that the revenue reported for the Life Education Local Fund (a nonmajor enterprise fund) during the prior fiscal year was improper. The payments should have been deferred at June 30, 2016 and recognized as revenue during the year ended June 30, 2017 when the related services were provided.

	<u>Business- Type Activities</u>	<u>Nonmajor Enterprise Funds</u>
Net position at June 30, 2016	\$ 1,856,545	\$ 414,534
Removal of revenue for services provided during the year ended June 30, 2017	<u>(37,875)</u>	<u>(37,875)</u>
Net position restated at June 30, 2016	<u>\$ 1,818,670</u>	<u>\$ 376,659</u>

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
(UNAUDITED)**

For the years ended June 30, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2016, 2015, and 2014)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 102,934	\$ 106,905	\$ 123,024
Interest on the total pension liability	300,490	274,668	232,703
Differences between expected and actual experience of the total pension liability	(39,915)	85,063	171,506
Changes of assumptions	-	-	136,503
Benefit payments, including refunds of employee contributions	<u>(118,654)</u>	<u>(122,059)</u>	<u>(71,842)</u>
Net change in total pension liability	244,855	344,577	591,894
Total pension liability - beginning	<u>4,012,780</u>	<u>3,668,203</u>	<u>3,076,309</u>
Total pension liability - ending (A)	<u>4,257,635</u>	<u>4,012,780</u>	<u>3,668,203</u>
Plan Fiduciary Net Position			
Contributions - employer	148,572	120,097	124,380
Contributions - employees	48,736	46,251	46,257
Net investment income	220,125	(64,599)	168,323
Benefit payments, including refunds of employee contributions	(118,654)	(122,059)	(71,842)
Other (net transfer)	<u>(3,371)</u>	<u>9,089</u>	<u>(2,222)</u>
Net change in plan fiduciary net position	295,408	(11,221)	264,896
Plan fiduciary net position - beginning	<u>3,150,239</u>	<u>3,161,460</u>	<u>2,896,564</u>
Plan fiduciary net position - ending (B)	<u>3,445,647</u>	<u>3,150,239</u>	<u>3,161,460</u>
Net pension liability - ending (A) - (B)	<u>\$ 811,988</u>	<u>\$ 862,541</u>	<u>\$ 506,743</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.93%	78.51%	86.19%
Covered Payroll	\$ 947,518	\$ 959,244	\$ 1,027,931
Net Pension Liability as a Percentage of Covered Payroll	85.70%	89.92%	49.30%

Notes to Schedules:

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.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**ILLINOIS MUNICIPAL RETIREMENT FUND —
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2016, 2015, and 2014)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2016	\$ 148,571	\$ 148,572	\$ (1)	\$ 947,518	15.68%
2015	120,097	120,097	-	959,244	12.52%
2014	118,006	124,380	(6,374)	1,027,931	12.10%

Notes to Schedule:

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

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

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.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**ILLINOIS MUNICIPAL RETIREMENT FUND —
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Concluded)
(UNAUDITED)**

For the years ended June 30, 2017, 2016, and 2015

(Amounts presented are for the calendar years ended December 31, 2016, 2015, and 2014)

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, 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.

Other Information:

There were no benefit changes during the year.

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS —
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(UNAUDITED)**

**For the years ended June 30, 2017, 2016, and 2015
(Amounts presented are for the years ended June 30, 2016, 2015 and 2014)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.0001526829%	0.0001262456%	0.0001371620%
Employer's proportionate share of the net pension liability	\$ 120,522	\$ 82,704	\$ 83,474
State's proportionate share of the net pension liability associated with the employer	<u>3,016,085</u>	<u>3,262,638</u>	<u>3,133,782</u>
Total	<u>\$ 3,136,607</u>	<u>\$ 3,345,342</u>	<u>\$ 3,217,256</u>
Employer's covered payroll	\$ 379,964	\$ 503,880	\$ 507,980
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	31.72%	16.41%	16.43%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

Notes to Schedules:

Changes of Assumptions

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

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

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

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS —
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30,

Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily- Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 61,993	\$ 61,993	\$ -	\$ 533,666	11.62%
2016	5,913	5,913	-	379,964	1.56%
2015	4,424	4,424	-	503,880	0.88%
2014	4,894	4,894	-	507,980	0.96%

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

SUPPLEMENTARY INFORMATION

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2017**

	<u>General Operations</u>	<u>General State Aid</u>	<u>Eliminations</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 69,924	\$ 1,714,192	\$ -	\$ 1,784,116
Due from other funds	-	772,233	(251,723)	520,510
Due from other governments	313,660	-	-	313,660
Total assets	<u>\$ 383,584</u>	<u>\$ 2,486,425</u>	<u>\$ (251,723)</u>	<u>\$ 2,618,286</u>
Liabilities:				
Accounts payable	\$ 542	\$ -	\$ -	\$ 542
Due to other funds	251,723	-	(251,723)	-
Due to other governments	-	15	-	15
Total liabilities	<u>252,265</u>	<u>15</u>	<u>(251,723)</u>	<u>557</u>
Deferred inflows of resources:				
Unavailable revenue	159,460	-	-	159,460
Fund balances (deficits):				
Unassigned	(28,141)	2,486,410	-	2,458,269
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 383,584</u>	<u>\$ 2,486,425</u>	<u>\$ (251,723)</u>	<u>\$ 2,618,286</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2017**

	General Operations	General State Aid	Total
Revenues:			
Local sources	\$ 390,453	\$ -	\$ 390,453
State sources	-	844,752	844,752
On-behalf payments	292,381	-	292,381
Interest	149	4,725	4,874
	<u>682,983</u>	<u>849,477</u>	<u>1,532,460</u>
Expenditures:			
Salaries	239,364	355,797	595,161
Employee benefits	24,916	43,849	68,765
Pension expense	41,333	20,311	61,644
Purchased services	74,940	124,640	199,580
Supplies and materials	9,684	11,252	20,936
Capital outlay	3,191	-	3,191
Other	2,037	83	2,120
On-behalf payments	292,381	-	292,381
	<u>687,846</u>	<u>555,932</u>	<u>1,243,778</u>
Net change in fund balances	(4,863)	293,545	288,682
Fund balances (deficits) - beginning of year	<u>(23,278)</u>	<u>2,192,865</u>	<u>2,169,587</u>
Fund balances (deficits) - end of year	<u>\$ (28,141)</u>	<u>\$ 2,486,410</u>	<u>\$ 2,458,269</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2017**

	Addiction Prevention Comprehensive	Arrest Grant	Child Nutrition	CPDC Project	Drug Free Communities
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 49,752	\$ -	\$ -
Due from other governments	46,515	6,739	237	258	16,878
Total assets	\$ 46,515	\$ 6,739	\$ 49,989	\$ 258	\$ 16,878
Liabilities:					
Accounts payable	\$ 920	\$ -	\$ -	\$ -	\$ 4,066
Due to other funds	45,595	6,738	-	258	12,812
Due to other governments	-	-	-	-	-
Total liabilities	46,515	6,738	-	258	16,878
Deferred inflows of resources:					
Unavailable revenue	29,356	6,739	206	258	-
Fund balances (deficits):					
Restricted	-	-	49,783	-	-
Unassigned	(29,356)	(6,738)	-	(258)	-
Total fund balances (deficits)	(29,356)	(6,738)	49,783	(258)	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 46,515	\$ 6,739	\$ 49,989	\$ 258	\$ 16,878

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2017**

	HUD Supportive Housing Program	Mathematics and Science Partnerships	Mathematics and Science Partnerships STEM	McKinney Education for Homeless Children	Partnerships for Success
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	4,859	9,851	125,163	16,759	12,721
Total assets	<u>\$ 4,859</u>	<u>\$ 9,851</u>	<u>\$ 125,163</u>	<u>\$ 16,759</u>	<u>\$ 12,721</u>
Liabilities:					
Accounts payable	\$ -	\$ 915	\$ 10,058	\$ -	\$ 973
Due to other funds	4,858	8,936	115,105	16,757	11,748
Due to other governments	-	-	-	-	-
Total liabilities	<u>4,858</u>	<u>9,851</u>	<u>125,163</u>	<u>16,757</u>	<u>12,721</u>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	13,290	-
Fund balances (deficits):					
Restricted	1	-	-	-	-
Unassigned	-	-	-	(13,288)	-
Total fund balances (deficits)	<u>1</u>	<u>-</u>	<u>-</u>	<u>(13,288)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 4,859</u>	<u>\$ 9,851</u>	<u>\$ 125,163</u>	<u>\$ 16,759</u>	<u>\$ 12,721</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2017**

	REAP	Regional Safe Schools	Regional Safe Schools Cooperative Education Program	ROE/ISC Operations	Teen Reach
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 7,373
Due from other governments	-	60,516	35,739	-	-
Total assets	\$ -	\$ 60,516	\$ 35,739	\$ -	\$ 7,373
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,372
Due to other funds	-	60,516	35,739	8	-
Due to other governments	-	-	-	-	-
Total liabilities	-	60,516	35,739	8	7,372
Deferred inflows of resources:					
Unavailable revenue	-	40,344	22,275	-	-
Fund balances (deficits):					
Restricted	-	-	-	-	1
Unassigned	-	(40,344)	(22,275)	(8)	-
Total fund balances (deficits)	-	(40,344)	(22,275)	(8)	1
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ 60,516	\$ 35,739	\$ -	\$ 7,373

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2017**

	Title I School Improvement & Accountability System of Support	Title II Teacher Quality	Title II Teacher Quality Leadership - Evaluation Training	Truants' Alternative Program	Total
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 57,125
Due from other governments	123,762	-	225	142,351	602,573
Total assets	\$ 123,762	\$ -	\$ 225	\$ 142,351	\$ 659,698
Liabilities:					
Accounts payable	\$ 301	\$ -	\$ -	\$ -	\$ 24,605
Due to other funds	58,864	-	225	142,351	520,510
Due to other governments	64,597	-	-	-	64,597
Total liabilities	123,762	-	225	142,351	609,712
Deferred inflows of resources:					
Unavailable revenue	56,314	-	-	93,032	261,814
Fund balances (deficits):					
Restricted	-	-	-	-	49,785
Unassigned	(56,314)	-	-	(93,032)	(261,613)
Total fund balances (deficits)	(56,314)	-	-	(93,032)	(211,828)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 123,762	\$ -	\$ 225	\$ 142,351	\$ 659,698

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	Addiction Prevention Comprehensive	Arrest Grant	Child Nutrition	CPDC Project	Drug Free Communities
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	26,731	-	205	-	-
Federal sources	158,084	7,210	30,437	1,396	90,547
Interest	-	1	102	-	-
Total revenues	<u>184,815</u>	<u>7,211</u>	<u>30,744</u>	<u>1,396</u>	<u>90,547</u>
Expenditures:					
Salaries	156,882	9,104	-	-	35,370
Employee benefits	14,991	696	-	-	2,704
Pension expense	24,323	59	-	-	4,415
Purchased services	11,783	3,999	32,419	1,265	36,503
Supplies and materials	6,192	91	486	254	9,555
Capital outlay	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total expenditures	<u>214,171</u>	<u>13,949</u>	<u>32,905</u>	<u>1,519</u>	<u>88,547</u>
Net change in fund balances	(29,356)	(6,738)	(2,161)	(123)	2,000
Fund balances (deficits) - beginning of year	<u>-</u>	<u>-</u>	<u>51,944</u>	<u>(135)</u>	<u>(2,000)</u>
Fund balances (deficits) - end of year	<u>\$ (29,356)</u>	<u>\$ (6,738)</u>	<u>\$ 49,783</u>	<u>\$ (258)</u>	<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	HUD Supportive Housing Program	Mathematics and Science Partnerships	Mathematics and Science Partnerships STEM	McKinney Education for Homeless Children	Partnerships for Success
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	54,060	236,825	125,163	55,901	76,907
Interest	-	-	-	-	-
Total revenues	<u>54,060</u>	<u>236,825</u>	<u>125,163</u>	<u>55,901</u>	<u>76,907</u>
Expenditures:					
Salaries	35,213	117,606	82,114	25,182	49,490
Employee benefits	6,099	6,470	2,577	3,821	3,687
Pension expense	5,055	31,052	26,414	2,870	7,880
Purchased services	6,382	40,042	11,487	3,859	11,964
Supplies and materials	1,310	12,979	2,571	597	3,886
Capital outlay	-	-	-	-	-
Payments to other governmental units	-	28,676	-	-	-
Total expenditures	<u>54,059</u>	<u>236,825</u>	<u>125,163</u>	<u>36,329</u>	<u>76,907</u>
Net change in fund balances	1	-	-	19,572	-
Fund balances (deficits) - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,860)</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,288)</u>	<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	REAP	Regional Safe Schools	Regional Safe Schools Cooperative Education Program	ROE/ISC Operations	Teen Reach
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ 24	\$ -
State sources	-	46,228	17,097	132,558	77,760
Federal sources	5,290	-	-	-	-
Interest	-	-	-	9	38
Total revenues	<u>5,290</u>	<u>46,228</u>	<u>17,097</u>	<u>132,591</u>	<u>77,798</u>
Expenditures:					
Salaries	550	79,519	32,265	95,462	4,940
Employee benefits	13	5,140	4,546	14,293	378
Pension expense	215	461	188	2,441	-
Purchased services	209	1,176	2,373	6,630	3,268
Supplies and materials	1,020	276	-	474	38
Capital outlay	3,283	-	-	13,299	-
Payments to other governmental units	-	-	-	-	69,173
Total expenditures	<u>5,290</u>	<u>86,572</u>	<u>39,372</u>	<u>132,599</u>	<u>77,797</u>
Net change in fund balances	-	(40,344)	(22,275)	(8)	1
Fund balances (deficits) - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ (40,344)</u>	<u>\$ (22,275)</u>	<u>\$ (8)</u>	<u>\$ 1</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2017**

	Title I School Improvement & Accountability System of Support	Title II Teacher Quality	Title II Leadership - Evaluation Training	Truants' Alternative Program	Total
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 24
State sources	-	-	-	98,638	399,217
Federal sources	616,249	337	4,942	-	1,463,348
Interest	-	-	-	-	150
Total revenues	<u>616,249</u>	<u>337</u>	<u>4,942</u>	<u>98,638</u>	<u>1,862,739</u>
Expenditures:					
Salaries	214,118	-	-	141,563	1,079,378
Employee benefits	12,228	-	-	16,324	93,967
Pension expense	13,493	-	-	16,547	135,413
Purchased services	199,392	337	4,942	15,482	393,512
Supplies and materials	2,273	-	-	1,754	43,756
Capital outlay	-	-	-	-	16,582
Payments to other governmental units	169,967	-	-	-	267,816
Total expenditures	<u>611,471</u>	<u>337</u>	<u>4,942</u>	<u>191,670</u>	<u>2,030,424</u>
Net change in fund balances	4,778	-	-	(93,032)	(167,685)
Fund balances (deficits) - beginning of year	<u>(61,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,143)</u>
Fund balances (deficits) - end of year	<u>\$ (56,314)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,032)</u>	<u>\$ (211,828)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADDICTION PREVENTION COMPREHENSIVE
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 12,879	\$ 26,731	\$ 26,731
Federal sources	187,440	187,440	158,084
Total revenues	<u>200,319</u>	<u>214,171</u>	<u>184,815</u>
Expenditures:			
Salaries	153,804	156,879	156,882
Employee benefits	40,543	41,353	14,991
Pension expense	-	-	24,323
Purchased services	3,345	9,567	11,783
Supplies and materials	2,627	6,372	6,192
Total expenditures	<u>200,319</u>	<u>214,171</u>	<u>214,171</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(29,356)
Fund balance, beginning of year			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (29,356)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ARREST GRANT
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,260	\$ 35,758	\$ 7,210
Interest	-	-	1
Total revenues	<u>8,260</u>	<u>35,758</u>	<u>7,211</u>
Expenditures:			
Salaries	6,149	25,947	9,104
Employee benefits	-	-	696
Pension expense	-	-	59
Purchased services	2,000	8,811	3,999
Supplies and materials	111	1,000	91
Total expenditures	<u>8,260</u>	<u>35,758</u>	<u>13,949</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(6,738)
Fund balance, beginning of year			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (6,738)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CPDC PROJECT FY 2016
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,130	\$ 8,130	\$ 1,342
Expenditures:			
Purchased services	7,830	7,830	953
Supplies and materials	300	300	254
Total expenditures	8,130	8,130	1,207
Net change in fund balance	\$ -	\$ -	135
Fund balance (deficit), beginning of year			(135)
Fund balance, September 30, 2016			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CPDC PROJECT FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 7,670	\$ 7,670	\$ 54
Expenditures:			
Purchased services	7,250	7,250	312
Supplies and materials	420	420	-
Total expenditures	7,670	7,670	312
Net change in fund balance	\$ -	\$ -	(258)
Fund balance, October 17, 2016			-
Fund balance (deficit), end of year			\$ (258)

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
DRUG FREE COMMUNITIES FY 2016
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 125,000	\$ 125,000	\$ 34,491
Expenditures:			
Salaries	44,700	44,700	13,616
Employee benefits	17,359	17,359	1,040
Pension expense	-	-	1,743
Purchased services	53,058	53,058	8,350
Supplies and materials	9,883	9,883	7,742
Total expenditures	125,000	125,000	32,491
Net change in fund balance	\$ -	\$ -	2,000
Fund balance (deficit), beginning of year			(2,000)
Fund balance, September 29, 2016			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
DRUG FREE COMMUNITIES FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 125,000	\$ 157,666	\$ 56,056
Expenditures:			
Salaries	44,700	52,050	21,754
Employee benefits	17,359	19,295	1,664
Pension expense	-	-	2,672
Purchased services	53,058	70,788	28,153
Supplies and materials	9,883	15,533	1,813
Total expenditures	125,000	157,666	56,056
Net change in fund balance	\$ -	\$ -	-
Fund balance, September 30, 2016			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS FY 2016
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 162,249
Expenditures:			
Salaries	57,164	127,984	81,338
Employee benefits	14,328	45,102	3,119
Pension expense	-	-	26,037
Purchased services	163,219	19,176	11,222
Supplies and materials	7,789	10,670	11,857
Payments to other governments	7,500	47,068	28,676
Total expenditures	250,000	250,000	162,249
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, August 31, 2016			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 74,576
Expenditures:			
Salaries	126,275	126,275	36,268
Employee benefits	36,499	36,499	3,351
Pension expense	-	-	5,015
Purchased services	81,504	81,504	28,820
Supplies and materials	5,722	5,722	1,122
Total expenditures	250,000	250,000	74,576
Net change in fund balance	\$ -	\$ -	-
Fund balance, September 1, 2016			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS-STEM
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 125,163
Expenditures:			
Salaries	130,644	130,644	82,114
Employee benefits	42,533	42,533	2,577
Pension expense	-	-	26,414
Purchased services	59,765	59,765	11,487
Supplies and materials	17,058	17,058	2,571
Total expenditures	250,000	250,000	125,163
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN FY 2016
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 170,000	\$ 198,839	\$ 32,860
Expenditures:			
Salaries	39,396	37,199	-
Employee benefits	7,188	7,261	-
Purchased services	8,104	10,205	-
Supplies and materials	8,995	19,564	-
Payments to other governments	106,317	124,610	-
Total expenditures	170,000	198,839	-
Net change in fund balance	\$ -	\$ -	32,860
Fund balance (deficit), beginning of year			(32,860)
Fund balance, July 1, 2016			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 19,179	\$ 29,100	\$ 23,041
Expenditures:			
Salaries	11,786	15,544	25,182
Employee benefits	5,844	5,411	3,821
Pension expense	-	-	2,870
Purchased services	1,069	6,841	3,859
Supplies and materials	480	1,304	597
Total expenditures	19,179	29,100	36,329
Net change in fund balance	\$ -	\$ -	(13,288)
Fund balance, July 1, 2016			-
Fund balance (deficit), end of year			\$ (13,288)

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PARTNERSHIPS FOR SUCCESS
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 76,907	\$ 76,907	\$ 76,907
Expenditures:			
Salaries	49,489	49,489	49,490
Employee benefits	13,045	12,196	3,687
Pension expense	-	-	7,880
Purchased services	11,895	11,038	11,964
Supplies and materials	2,478	4,184	3,886
Total expenditures	76,907	76,907	76,907
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 86,572	\$ 86,572	\$ 46,228
Expenditures:			
Salaries	77,874	77,874	79,519
Employee benefits	7,488	7,488	5,140
Pension expense	-	-	461
Purchased services	1,020	1,020	1,176
Supplies and materials	190	190	276
Total expenditures	86,572	86,572	86,572
Net change in fund balance	\$ -	\$ -	(40,344)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (40,344)

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM FY 2016
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 38,798</u>	<u>\$ 38,798</u>	<u>\$ 3,633</u>
Expenditures:			
Salaries	30,060	30,060	3,192
Employee benefits	5,051	5,051	399
Pension expense	-	-	19
Purchased services	3,136	3,136	23
Supplies and materials	<u>551</u>	<u>551</u>	<u>-</u>
Total expenditures	<u>38,798</u>	<u>38,798</u>	<u>3,633</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance, beginning of year			<u>-</u>
Fund balance, August 31, 2016			<u><u>\$ -</u></u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 39,478	\$ 39,478	\$ 13,464
Expenditures:			
Salaries	31,259	31,259	29,073
Employee benefits	4,400	4,400	4,147
Pension expense	-	-	169
Purchased services	3,121	3,121	2,350
Supplies and materials	698	698	-
Total expenditures	39,478	39,478	35,739
Net change in fund balance	\$ -	\$ -	(22,275)
Fund balance, September 1, 2016			-
Fund balance (deficit), end of year			\$ (22,275)

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS FY 2016
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 84,740	\$ 84,825	\$ 13,299
Expenditures:			
Salaries	45,835	56,323	-
Employee benefits	13,267	10,619	-
Purchased services	694	4,003	-
Capital outlay	24,944	13,880	13,299
Total expenditures	84,740	84,825	13,299
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, August 31, 2016			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 24
State sources	119,259	119,259	119,259
Interest	-	-	9
	<u>119,259</u>	<u>119,259</u>	<u>119,292</u>
Total revenues	<u>119,259</u>	<u>119,259</u>	<u>119,292</u>
Expenditures:			
Salaries	95,992	95,992	95,462
Employee benefits	15,996	15,996	14,293
Pension expense	-	-	2,441
Purchased services	6,932	6,932	6,630
Supplies and materials	339	339	474
	<u>119,259</u>	<u>119,259</u>	<u>119,300</u>
Total expenditures	<u>119,259</u>	<u>119,259</u>	<u>119,300</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8)
Fund balance, September 1, 2016			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (8)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT FY 2016
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 911,078	\$ 911,078	\$ 60,936
Expenditures:			
Salaries	283,593	288,038	-
Employee benefits	19,594	20,514	-
Purchased services	307,974	284,609	-
Supplies and materials	6,992	6,992	-
Payments to other governments	292,925	310,925	(156)
Total expenditures	911,078	911,078	(156)
Net change in fund balance	\$ -	\$ -	61,092
Fund balance (deficit), beginning of year			(61,092)
Fund balance, July 1, 2016			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT FY 2017
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,012,943	\$ 1,012,943	\$ 555,313
Expenditures:			
Salaries	330,991	330,991	214,118
Employee benefits	54,305	54,305	12,228
Pension expense	-	-	13,493
Purchased services	279,302	279,302	199,392
Supplies and materials	6,670	6,670	2,273
Payments to other governments	341,675	341,675	170,123
Total expenditures	<u>1,012,943</u>	<u>1,012,943</u>	<u>611,627</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(56,314)
Fund balance, July 1, 2016			<u>-</u>
Fund balance (deficit), end of year			<u>\$ (56,314)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II – TEACHER QUALITY
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	<u>\$ 335</u>	<u>\$ 337</u>	<u>\$ 337</u>
Expenditures:			
Purchased services	<u>335</u>	<u>337</u>	<u>337</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II – TEACHER QUALITY LEADERSHIP – EVALUATION TRAINING
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 4,942	\$ 4,942	\$ 4,942
Expenditures:			
Purchased services	4,942	4,942	4,942
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS' ALTERNATIVE PROGRAM
For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 191,670	\$ 191,670	\$ 98,638
Expenditures:			
Salaries and benefits	140,086	140,086	141,563
Employee benefits	34,080	34,080	16,324
Pension expense	-	-	16,547
Purchased services	15,992	15,792	15,482
Supplies and materials	1,512	1,712	1,754
Total expenditures	191,670	191,670	191,670
Net change in fund balance	\$ -	\$ -	(93,032)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (93,032)

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017**

	<u>Bus Driver Training</u>	<u>General Education Development</u>	<u>Institute</u>	<u>Project Care Healthy Decision</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 28,573	\$ 46,232	\$ 209,660	\$ 3,997	\$ 288,462
Due from other governments	10	-	-	-	10
Total assets	<u>\$ 28,583</u>	<u>\$ 46,232</u>	<u>\$ 209,660</u>	<u>\$ 3,997</u>	<u>\$ 288,472</u>
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:					
Restricted	<u>28,583</u>	<u>46,232</u>	<u>209,660</u>	<u>3,997</u>	<u>288,472</u>
Total liabilities and fund balances	<u>\$ 28,583</u>	<u>\$ 46,232</u>	<u>\$ 209,660</u>	<u>\$ 3,997</u>	<u>\$ 288,472</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2017**

	Bus Driver Training	General Education Development	Institute	Project Care Healthy Decision	Total
Revenues:					
Local sources	\$ 5,481	\$ 1,763	\$ 46,521	\$ -	\$ 53,765
State sources	1,503	-	-	-	1,503
Interest	60	92	928	8	1,088
Total revenues	<u>7,044</u>	<u>1,855</u>	<u>47,449</u>	<u>8</u>	<u>56,356</u>
Expenditures:					
Salaries	1,650	-	14,693	-	16,343
Employee benefits	126	-	1,122	-	1,248
Pension expense	-	-	2,465	-	2,465
Purchased services	3,255	1,025	7,794	-	12,074
Supplies and materials	-	187	1,047	-	1,234
Other	-	-	3,551	-	3,551
Total expenditures	<u>5,031</u>	<u>1,212</u>	<u>30,672</u>	<u>-</u>	<u>36,915</u>
Net change in fund balances	2,013	643	16,777	8	19,441
Fund balance - beginning of year	<u>26,570</u>	<u>45,589</u>	<u>192,883</u>	<u>3,989</u>	<u>269,031</u>
Fund balance - end of year	<u>\$ 28,583</u>	<u>\$ 46,232</u>	<u>\$ 209,660</u>	<u>\$ 3,997</u>	<u>\$ 288,472</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2017

	Administrator's Academy Local	Criminal Background Investigation	Family Violence Coordinating Councils
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,229	\$ 21,480	\$ 249
Due from other governments	1,000	-	15
Total assets	<u>8,229</u>	<u>21,480</u>	<u>264</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	-	-	-
Liabilities:			
Current liabilities:			
Accounts payable	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	100	-
Total current liabilities	-	100	-
Noncurrent liabilities:			
Net pension liability	-	-	-
Total liabilities	<u>-</u>	<u>100</u>	<u>-</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	-	-	-
Net position:			
Unrestricted	<u>8,229</u>	<u>21,380</u>	<u>264</u>
Total net position	<u>\$ 8,229</u>	<u>\$ 21,380</u>	<u>\$ 264</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION (Continued)
NONMAJOR ENTERPRISE FUNDS
June 30, 2017**

	Life Education Local	Local Induction Mentoring Training Fees	ROE Workshops
Assets:			
Current assets:			
Cash and cash equivalents	\$ 148,609	\$ 53,279	\$ 59,950
Due from other governments	-	-	3,761
Total assets	<u>148,609</u>	<u>53,279</u>	<u>63,711</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	495	-	93
Liabilities:			
Current liabilities:			
Accounts payable	34	-	1,380
Due to other governments	-	300	485
Unearned revenue	26,092	-	-
Total current liabilities	26,126	300	1,865
Noncurrent liabilities:			
Net pension liability	814	-	153
Total liabilities	<u>26,940</u>	<u>300</u>	<u>2,018</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	31	-	6
Net position:			
Unrestricted	<u>122,133</u>	<u>52,979</u>	<u>61,780</u>
Total net position	<u>\$ 122,133</u>	<u>\$ 52,979</u>	<u>\$ 61,780</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION (Continued)
NONMAJOR ENTERPRISE FUNDS
June 30, 2017**

	School Lunch Student Payments	Services Provided HUD	SSOS Foundational Services
Assets:			
Current assets:			
Cash and cash equivalents	\$ 104	\$ 4,657	\$ 4,556
Due from other governments	-	-	-
Total assets	104	4,657	4,556
Deferred outflows of resources:			
Deferred outflows related to pensions	-	-	5,478
Liabilities:			
Current liabilities:			
Accounts payable	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Total current liabilities	-	-	-
Noncurrent liabilities:			
Net pension liability	-	-	9,001
Total liabilities	-	-	9,001
Deferred inflows of resources:			
Deferred inflows related to pensions	-	-	355
Net position:			
Unrestricted	104	4,657	678
Total net position	\$ 104	\$ 4,657	\$ 678

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION (Concluded)
NONMAJOR ENTERPRISE FUNDS
June 30, 2017**

	Supplemental Educational Services	Title I Workshops	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 10,463	\$ 310,576
Due from other governments	-	-	4,776
Total assets	-	10,463	315,352
Deferred outflows of resources:			
Deferred outflows related to pensions	-	-	6,066
Liabilities:			
Current liabilities:			
Accounts payable	-	-	1,414
Due to other governments	-	-	785
Unearned revenue	-	-	26,192
Total current liabilities	-	-	28,391
Noncurrent liabilities:			
Net pension liability	-	-	9,968
Total liabilities	-	-	38,359
Deferred inflows of resources:			
Deferred inflows related to pensions	-	-	392
Net position:			
Unrestricted	-	10,463	282,667
Total net position	\$ -	\$ 10,463	\$ 282,667

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	Administrator's Academy Local	Criminal Background Investigation	Family Violence Coordinating Councils
Operating revenues:			
Charges for services	\$ 6,270	\$ 9,800	\$ 413
Operating expenses:			
Salaries	2,860	-	-
Employee benefits	65	-	-
Pension expense	-	-	-
Purchased services	5,532	7,710	251
Supplies and materials	98	-	-
Other	500	-	-
Total operating expenses	9,055	7,710	251
Operating income (loss)	(2,785)	2,090	162
Nonoperating revenues:			
Interest	14	42	-
Pension benefit	-	-	-
Total nonoperating revenues	14	42	-
Income (loss) before transfers	(2,771)	2,132	162
Transfers out	-	-	-
Change in net position	(2,771)	2,132	162
Net position - beginning of year, restated (See note 18)	11,000	19,248	102
Net position - end of year	\$ 8,229	\$ 21,380	\$ 264

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION (Continued)
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	Life Education Local	Local Induction Mentoring Training Fees	ROE Workshops
Operating revenues:			
Charges for services	\$ 38,774	\$ 6,850	\$ 25,332
Operating expenses:			
Salaries	12,716	191	5,384
Employee benefits	1,046	4	123
Pension expense	124	-	-
Purchased services	9,651	293	20,516
Supplies and materials	2,324	-	2,319
Other	-	-	1,344
Total operating expenses	25,861	488	29,686
Operating income (loss)	12,913	6,362	(4,354)
Nonoperating revenues:			
Interest	280	100	119
Pension benefit	-	-	503
Total nonoperating revenues	280	100	622
Income (loss) before transfers	13,193	6,462	(3,732)
Transfers out	-	-	-
Change in net position	13,193	6,462	(3,732)
Net position - beginning of year, restated (See note 18)	108,940	46,517	65,512
Net position - end of year	\$ 122,133	\$ 52,979	\$ 61,780

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION (Continued)
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	School Lunch Student Payments	Services Provided HUD	SSOS Foundational Services
Operating revenues:			
Charges for services	\$ -	\$ 3,523	\$ 6,000
Operating expenses:			
Salaries	-	-	10,356
Employee benefits	-	-	2,191
Pension expense	-	-	5,582
Purchased services	-	613	174
Supplies and materials	-	-	-
Other	-	-	-
Total operating expenses	-	613	18,303
Operating income (loss)	-	2,910	(12,303)
Nonoperating revenues:			
Interest	-	7	19
Pension benefit	-	-	-
Total nonoperating revenues	-	7	19
Income (loss) before transfers	-	2,917	(12,284)
Transfers out	-	-	-
Change in net position	-	2,917	(12,284)
Net position - beginning of year, restated (See note 18)	104	1,740	12,962
Net position - end of year	\$ 104	\$ 4,657	\$ 678

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION (Concluded)
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	Supplemental Educational Services	Title I Workshops	Total
Operating revenues:			
Charges for services	\$ -	\$ 4,500	\$ 101,462
Operating expenses:			
Salaries	-	-	31,507
Employee benefits	-	-	3,429
Pension expense	-	-	5,706
Purchased services	220	1,037	45,997
Supplies and materials	-	-	4,741
Other	-	-	1,844
Total operating expenses	220	1,037	93,224
Operating income (loss)	(220)	3,463	8,238
Nonoperating revenues:			
Interest	132	18	731
Pension benefit	-	-	503
Total nonoperating revenues	132	18	1,234
Income (loss) before transfers	(88)	3,481	9,472
Transfers out	(103,464)	-	(103,464)
Change in net position	(103,552)	3,481	(93,992)
Net position - beginning of year, restated (See note 18)	103,552	6,982	376,659
Net position - end of year	\$ -	\$ 10,463	\$ 282,667

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	Administrator's Academy Local	Criminal Background Investigation	Family Violence Coordinating Councils
Cash flows from operating activities:			
Receipts from customers	\$ 6,770	\$ 9,900	\$ 398
Payments to suppliers and providers of goods and services	(6,132)	(7,970)	(251)
Payments to employees	(2,925)	-	-
Net cash provided by (used for) operating activities	<u>(2,287)</u>	<u>1,930</u>	<u>147</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Net cash used for noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest	14	42	-
Net cash provided by investing activities	<u>14</u>	<u>42</u>	<u>-</u>
Net increase (decrease) in cash	(2,273)	1,972	147
Cash and cash equivalents - beginning of year	<u>9,502</u>	<u>19,508</u>	<u>102</u>
Cash and cash equivalents - end of year	<u>\$ 7,229</u>	<u>\$ 21,480</u>	<u>\$ 249</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (2,785)	\$ 2,090	\$ 162
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension expense (benefit) reconciliation	-	-	-
Change in assets and liabilities:			
(Increase) decrease in due from other governments	500	-	(15)
Increase (decrease) in accounts payable	(2)	(260)	-
Increase in due to other governments	-	-	-
Increase (decrease) in unearned revenues	-	100	-
Net cash provided by (used for) operating activities	<u>\$ (2,287)</u>	<u>\$ 1,930</u>	<u>\$ 147</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	Life Education Local	Local Induction Mentoring Training Fees	ROE Workshops
Cash flows from operating activities:			
Receipts from customers	\$ 38,462	\$ 7,150	\$ 25,026
Payments to suppliers and providers of goods and services	(11,941)	(293)	(22,325)
Payments to employees	(13,916)	(195)	(5,536)
Net cash provided by (used for) operating activities	<u>12,605</u>	<u>6,662</u>	<u>(2,835)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Net cash used for noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest	280	100	119
Net cash provided by investing activities	<u>280</u>	<u>100</u>	<u>119</u>
Net increase (decrease) in cash	12,885	6,762	(2,716)
Cash and cash equivalents - beginning of year	<u>135,724</u>	<u>46,517</u>	<u>62,666</u>
Cash and cash equivalents - end of year	<u>\$ 148,609</u>	<u>\$ 53,279</u>	<u>\$ 59,950</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 12,913	\$ 6,362	\$ (4,354)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension expense (benefit) reconciliation	(30)	-	(29)
Change in assets and liabilities:			
(Increase) decrease in due from other governments	11,471	-	(306)
Increase (decrease) in accounts payable	34	-	1,369
Increase in due to other governments	-	300	485
Increase (decrease) in unearned revenues	(11,783)	-	-
Net cash provided by (used for) operating activities	<u>\$ 12,605</u>	<u>\$ 6,662</u>	<u>\$ (2,835)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	School Lunch Student Payments	Services Provided HUD	SSOS Foundational Services
Cash flows from operating activities:			
Receipts from customers	\$ -	\$ 3,523	\$ 6,000
Payments to suppliers and providers of goods and services	-	(613)	(174)
Payments to employees	-	-	(14,251)
Net cash provided by (used for) operating activities	<u>-</u>	<u>2,910</u>	<u>(8,425)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Net cash used for noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest	-	7	19
Net cash provided by investing activities	<u>-</u>	<u>7</u>	<u>19</u>
Net increase (decrease) in cash	-	2,917	(8,406)
Cash and cash equivalents - beginning of year	<u>104</u>	<u>1,740</u>	<u>12,962</u>
Cash and cash equivalents - end of year	<u>\$ 104</u>	<u>\$ 4,657</u>	<u>\$ 4,556</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ -	\$ 2,910	\$ (12,303)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension expense (benefit) reconciliation	-	-	3,878
Change in assets and liabilities:			
(Increase) decrease in due from other governments	-	-	-
Increase (decrease) in accounts payable	-	-	-
Increase in due to other governments	-	-	-
Increase (decrease) in unearned revenues	-	-	-
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 2,910</u>	<u>\$ (8,425)</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS (Concluded)
NONMAJOR ENTERPRISE FUNDS
For the year ended June 30, 2017**

	Supplemental Educational Services	Title I Workshops	Total
Cash flows from operating activities:			
Receipts from customers	\$ -	\$ 4,500	\$ 101,729
Payments to suppliers and providers of goods and services	(220)	(1,037)	(50,956)
Payments to employees	-	-	(36,823)
Net cash provided by (used for) operating activities	<u>(220)</u>	<u>3,463</u>	<u>13,950</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(103,464)	-	(103,464)
Net cash used for noncapital financing activities	<u>(103,464)</u>	<u>-</u>	<u>(103,464)</u>
Cash flows from investing activities:			
Interest	132	18	731
Net cash provided by investing activities	<u>132</u>	<u>18</u>	<u>731</u>
Net increase (decrease) in cash	(103,552)	3,481	(88,783)
Cash and cash equivalents - beginning of year	<u>103,552</u>	<u>6,982</u>	<u>399,359</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 10,463</u>	<u>\$ 310,576</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (220)	\$ 3,463	\$ 8,238
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension expense (benefit) reconciliation	-	-	3,819
Change in assets and liabilities:			
(Increase) decrease in due from other governments	-	-	11,650
Increase (decrease) in accounts payable	-	-	1,141
Increase in due to other governments	-	-	785
Increase (decrease) in unearned revenues	-	-	(11,683)
Net cash provided by (used for) operating activities	<u>\$ (220)</u>	<u>\$ 3,463</u>	<u>\$ 13,950</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2017

	Copier Fees	West Wing Operations	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,037	\$ 243	\$ 1,280
Total current assets	1,037	243	1,280
Noncurrent assets:			
Capital assets, net of depreciation	27,925	-	27,925
Total assets	28,962	243	29,205
Deferred outflows of resources:			
Deferred outflows related to pensions	-	9,474	9,474
Liabilities:			
Current liabilities:			
Accounts payable	-	243	243
Total current liabilities	-	243	243
Noncurrent liabilities:			
Net pension liability	-	15,567	15,567
Total liabilities	-	15,810	15,810
Deferred inflows of resources:			
Deferred inflows related to pensions	-	613	613
Net position:			
Net investment in capital assets	27,925	-	27,925
Unrestricted	1,037	(6,706)	(5,669)
Total net position	\$ 28,962	\$ (6,706)	\$ 22,256

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2017**

	<u>Copier Fees</u>	<u>West Wing Operations</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 41,862	\$ 93,231	\$ 135,093
Operating expenses:			
Salaries	-	18,992	18,992
Employee benefits	-	1,453	1,453
Pension expense	-	9,653	9,653
Purchased services	5,821	46,015	51,836
Supplies and materials	98	23,824	23,922
Depreciation expense	6,981	-	6,981
Total operating expenses	<u>12,900</u>	<u>99,937</u>	<u>112,837</u>
Operating income (loss)	28,962	(6,706)	22,256
Net position - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position - end of year	<u>\$ 28,962</u>	<u>\$ (6,706)</u>	<u>\$ 22,256</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2017**

	Copier Fees	West Wing Operations	Total
Cash flows from operating activities:			
Receipts from internal services provided	\$ 41,862	\$ 93,231	\$ 135,093
Payments to suppliers and providers of goods and services	(5,919)	(69,596)	(75,515)
Payments to employees	-	(23,392)	(23,392)
Net cash provided by operating activities	35,943	243	36,186
Cash flows from capital and related financing activities:			
Purchases of capital assets	(34,906)	-	(34,906)
Net cash used for capital and related financing activities	(34,906)	-	(34,906)
Net increase in cash	1,037	243	1,280
Cash and cash equivalents - beginning of year	-	-	-
Cash and cash equivalents - end of year	\$ 1,037	\$ 243	\$ 1,280
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 28,962	\$ (6,706)	\$ 22,256
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	6,981	-	6,981
Pension expense reconciliation	-	6,706	6,706
Change in assets and liabilities:			
Increase in accounts payable	-	243	243
Net cash provided by operating activities	\$ 35,943	\$ 243	\$ 36,186

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
June 30, 2017**

	<u>Distributive</u>	<u>Petitions and Detachment</u>	<u>Impact Fees</u>	<u>Tenant Rental</u>	<u>Totals</u>
Assets					
Cash and cash equivalents	\$ 94	\$ -	\$ -	\$ -	\$ 94
Due from other governments	<u>904,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>904,531</u>
Total assets	<u>\$ 904,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 904,625</u>
Liabilities					
Due to other governments	<u>\$ 904,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 904,625</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the year ended June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Distributive Fund</u>				
Assets				
Cash and cash equivalents	\$ 81	\$ 2,901,022	\$ 2,901,009	\$ 94
Due from other governments	214,899	904,531	214,899	904,531
Total assets	<u>\$ 214,980</u>	<u>\$ 3,805,553</u>	<u>\$ 3,115,908</u>	<u>\$ 904,625</u>
Liabilities				
Due to other governments	<u>\$ 214,980</u>	<u>\$ 3,805,553</u>	<u>\$ 3,115,908</u>	<u>\$ 904,625</u>
<u>Petitions and Detachment Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 1,000	\$ 1,000	\$ -
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>
<u>Impact Fees</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 28,578	\$ 28,578	\$ -
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 28,578</u>	<u>\$ 28,578</u>	<u>\$ -</u>
<u>Tenant Rentals</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,000	\$ 4,000	\$ -
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)
ALL AGENCY FUNDS
For the year ended June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 81	\$ 2,934,600	\$ 2,934,587	\$ 94
Due from other governments	214,899	904,531	214,899	904,531
Total assets	<u>\$ 214,980</u>	<u>\$ 3,839,131</u>	<u>\$ 3,149,486</u>	<u>\$ 904,625</u>
Liabilities				
Due to other governments	<u>\$ 214,980</u>	<u>\$ 3,839,131</u>	<u>\$ 3,149,486</u>	<u>\$ 904,625</u>

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2017**

	I-KAN ROE No. 32	Iroquois Area Del #370	Kankakee Regional System #120	Kankakee Area Career Center	Total
State Funds					
General State Aid - Sec. 18-8	\$ 844,752	\$ -	\$ -	\$ -	\$ 844,752
Career and Technical Ed Improvement	-	53,880	438,580	-	492,460
State Free Lunch & Breakfast	261	-	-	-	261
Transportation - Regular and Vocational	-	-	-	4,179	4,179
ROE School Bus Driver Training	3,119	-	-	-	3,119
Truants Alternative/Optional Ed.	78,459	-	-	-	78,459
Regional Safe Schools	39,749	-	-	-	39,749
ROE/ISC Operations	204,084	-	-	-	204,084
Regional Safe Schools Cooperative Ed. Program	7,390	-	-	-	7,390
Total State Funds	1,177,814	53,880	438,580	4,179	1,674,453
Federal Funds					
National School Lunch Program	19,107	-	-	-	19,107
School Breakfast Program	11,330	-	-	-	11,330
Title I - School Improvement and Accountability	599,632	-	-	-	599,632
CTE - Perkins - Secondary	-	41,738	251,670	-	293,408
McKinney Education for Homeless Children	60,944	-	-	-	60,944
Title II - Teacher Quality	337	-	-	-	337
Title II - Teacher Quality - Leadership Grant	5,710	-	-	-	5,710
Mathematics and Science Partnerships	236,088	-	-	-	236,088
Total Federal Funds	933,148	41,738	251,670	-	1,226,556
Total Disbursements	\$ 2,110,962	\$ 95,618	\$ 690,250	\$ 4,179	\$ 2,901,009

FEDERAL COMPLIANCE SECTION

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
Rural Education				
Rural Education Achievement Program	84.358A	S358A148175		\$ 5,290
<i>Passed through Illinois State Board of Education</i>				
Title I Grants to Local Educational Agencies				
(M) System of Support Title I - School Improvement & Accountability	84.010A	17-4331-SS	\$ 170,123	611,627
(M) System of Support Title I - School Improvement & Accountability	84.010A	16-4331-SS	(156)	(156)
Total Title I Grants to Local Educational Agencies			<u>169,967</u>	<u>611,471</u>
Improving Teacher Quality State Grants				
Title II - Teacher Quality	84.367A	17-4932-00		337
Title II - Teacher Quality - Leadership Grant	84.367A	17-4935-02		4,942
Total Improving Teacher Quality State Grants				<u>5,279</u>
(M) Mathematics and Science Partnerships	84.366B	17-4936-SA		74,576
(M) Mathematics and Science Partnerships	84.366B	16-4936-SA		162,249
(M) Mathematics and Science Partnerships	84.366B	17-4936-7B		125,163
Total Mathematics and Science Partnerships				<u>361,988</u>
Total passed through Illinois State Board of Education			<u>169,967</u>	<u>978,738</u>
<i>Passed through Regional Office of Education No. 11</i>				
Education for Homeless Children and Youth				
McKinney Education for Homeless Children	84.196A	17-4920-00		23,041
Total U.S. Department of Education			<u>169,967</u>	<u>1,007,069</u>
U.S. Department of Justice:				
<i>Passed through Illinois Criminal Justice Information Authority</i>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Arrest Grant	16.590	384121		13,949
Total U.S. Department of Justice				<u>13,949</u>
(M) Program was audited as a major program				

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the year ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:				
Drug Free Communities Support Program Grants	93.276	1H79SP021055-01		32,491
Drug Free Communities Support Program Grants	93.276	5H79SP021055-02		56,056
Total Drug Free Communities Support Program Grants				<u>88,547</u>
<i>Passed through State of Illinois Department of Human Services</i>				
Block Grants for Prevention and Treatment of Substance Abuse Addiction Prevention Comprehensive	93.959	FCSVP01419		<u>187,440</u>
Substance Abuse and Mental Health Services Strategic Prevention Framework - Partnerships for Success	93.243	FCSVP03863		<u>76,907</u>
Total passed through State of Illinois Department of Human Services				<u>264,347</u>
<i>Passed through Administrative Office of the Illinois Courts</i>				
State Court Improvement Program Child Protection Data Courts Project	93.586	CIP Data G-1605		312
Child Protection Data Courts Project	93.586	CIP Data G-1503		1,207
Total State Court Improvement Program				<u>1,519</u>
Total U.S. Department of Health and Human Services				<u>354,413</u>
U.S. Department of Agriculture:				
<i>Passed through Illinois State Board of Education</i>				
Child Nutrition Cluster School Breakfast Program				
School Breakfast Program	10.553	17-4220-00		9,426
School Breakfast Program	10.553	16-4220-00		1,904
Total School Breakfast Program				<u>11,330</u>
National School Lunch Program National School Lunch Program	10.555	17-4210-00		15,865
National School Lunch Program	10.555	16-4210-00		3,242
Total National School Lunch Program				<u>19,107</u>
Total Child Nutrition Cluster				<u>30,437</u>
Total U.S. Department of Agriculture				<u>30,437</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
For the year ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development:				
Continuum of Care Program				
HUD Supportive Housing Program	14.267	IL0282L5T121508		42,353
HUD Supportive Housing Program	14.267	IL0282L5T121407		11,706
Total Continuum of Care Program				<u>54,059</u>
 Total U.S. Department of Housing and Urban Development				 <u>54,059</u>
 TOTAL			 <u>\$ 169,967</u>	 <u>\$ 1,459,927</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**IROQUOIS AND KANKAKEE COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 32**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2017**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Regional Office of Education No. 32 under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Regional Office of Education No. 32, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education No. 32.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Regional Office of Education No. 32 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.