

**STATE OF ILLINOIS
LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2015**

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47**

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**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
OFFICIALS**

Regional Superintendent
(current, effective July 1, 2015)

Honorable Robert Sondgeroth

Regional Superintendent
(during the audit period through June 30, 2015)

Honorable Paul McMahon

Assistant Regional Superintendent
(current, effective July 1, 2015)

Paul McMahon

Assistant Regional Superintendent
(during the audit period through June 30, 2015)

Ms. Janet Kacvinsky

Office is located at:

1001 St. Mary's Street
Sterling, Illinois 61081

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	3
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	2	0

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>Findings (Government Auditing Standards)</i>			
2015-001	13a-13c	Controls Over Financial Statement Preparation	Material Weakness
2015-002	13d	Controls Over Disbursements, Receipts and Reporting	Material Weakness
<i>Findings and Questioned Costs (Federal Compliance)</i>			
None			
<i>Prior Audit Findings not Repeated (Government Auditing Standards)</i>			
2014-002		Inadequate Internal Control Procedures Over Expenditures	Significant Deficiency
2014-003		Internal Controls Over Grant Reporting	Significant Deficiency and Noncompliance
<i>Prior Audit Findings not Repeated (Federal Compliance)</i>			
2014-003		Internal Controls Over Grant Reporting	Significant Deficiency and Noncompliance

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMPLIANCE REPORT SUMMARY – (CONCLUDED)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on September 25, 2015. Attending were the Honorable Robert Sondgeroth, Regional Superintendent; the Honorable Paul McMahon, Assistant Regional Superintendent; Sherrie Pistole, Bookkeeper; Barb Cross-Wolberg, Office Manager; Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP; and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by the Honorable Robert Sondgeroth, Regional Superintendent on January 5, 2016.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Lee and Ogle Counties Regional Office of Education #47 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Lee and Ogle Counties Regional Office of Education #47's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee and Ogle Counties Regional Office of Education #47, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 18 to the financial statements, the Lee and Ogle Counties Regional Office of Education #47 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, and the Teachers' Retirement System of Illinois Schedule of Employer Contributions on pages 58 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee and Ogle Counties Regional Office of Education #47's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* 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 23, 2016 on our consideration of the Lee and Ogle Counties Regional Office of Education #47's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee and Ogle Counties Regional Office of Education #47's internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
June 23, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lee and Ogle Counties Regional Office of Education #47, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Lee and Ogle Counties Regional Office of Education #47's basic financial statements, and have issued our report thereon dated June 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee and Ogle Counties Regional Office of Education #47's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee and Ogle Counties Regional Office of Education #47's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education #47's Responses to Findings

Lee and Ogle Counties Regional Office of Education #47's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lee and Ogle Counties Regional Office of Education #47's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lee and Ogle Counties Regional Office of Education #47's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee and Ogle Counties Regional Office of Education #47's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
June 23, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Lee and Ogle Counties Regional Office of Education #47's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Lee and Ogle Counties Regional Office of Education #47's major federal programs for the year ended June 30, 2015. The Lee and Ogle Counties Regional Office of Education #47'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lee and Ogle Counties Regional Office of Education #47's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lee and Ogle Counties Regional Office of Education #47'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 Lee and Ogle Counties Regional Office of Education #47's compliance.

Opinion on Each Major Federal Program

In our opinion, Lee and Ogle Counties Regional Office of Education #47 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Lee and Ogle Counties Regional Office of Education #47 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 Lee and Ogle Counties Regional Office of Education #47's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lee and Ogle Counties Regional Office of Education #47's internal control over compliance.

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

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

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



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
June 23, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LEE/OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I – SUMMARY OF AUDITORS’ RESULTS
 For the Year Ended June 30, 2015**

Financial Statements

Type of auditors’ report issued: *unmodified*

Internal control over financial reporting:
 Material weakness(es) identified? Yes
 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? No
 Significant deficiency(ies) identified? 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
 Section .510(a) of OMB Circular A-133? No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.323A	Special Education – State Personnel Development

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? No

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING 2015-001 – Controls Over Financial Statement Preparation (Repeat from Findings 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1)

CRITERIA/SPECIFIC REQUIREMENT:

The Lee/Ogle Counties Regional Office of Education #47 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #47'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 accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

CONDITION:

The Regional Office of Education #47 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #47 maintains its accounting records on cash basis accounting during the fiscal year and maintains a list of year-end accrual adjustments for financial statement purposes. While the Regional Office of Education #47 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING 2015-001 – Controls Over Financial Statement Preparation (Repeat from Findings 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1) (Continued)

CONDITION (Concluded):

During review of the Regional Office of Education #47's financial information prepared by the Regional Office of Education #47, it was noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. Audit adjustments were proposed in order to ensure the financial statement balances were in accordance with GAAP. Audit adjustments were also proposed to properly allocate fund balance and cash, to reclassify various revenue or expenditure transactions to the appropriate financial statement classification, and to correct interfund transactions.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the Regional Office of Education #47 did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

EFFECT:

The Regional Office of Education #47 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CAUSE:

According to the Regional Office of Education #47 management, fiscal staff did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP.

Additionally, the complex requirements of GASB Statements No. 68 and 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

RECOMMENDATION:

As part of internal control over the preparation of financial statements, the Regional Office of Education #47 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #47's activities and operations.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING 2015-001 – Controls Over Financial Statement Preparation (Repeat from Findings 14-001, 13-001, 12-1, 11-1, 10-1, and 09-1) (Concluded)

MANAGEMENT’S RESPONSE:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education #47 will continue to provide a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate on a monthly basis. The Regional Superintendent will continue to review all financial statements (including accruals) striving to be as accurate as possible, hoping to eliminate this finding in the future.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING 2015-002 – Controls Over Disbursements, Receipts and Reporting

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #47 is required to maintain a system of internal controls over disbursements, receipts, and reporting to prevent errors and fraud.

CONDITION:

Internal controls over disbursements, receipts, and reporting were not implemented properly. The Regional Office of Education #47 maintains a binder containing the following items: reconciliation reports, fund balance summary reports, bi-monthly payroll register reports, monthly accounts payable listings of all checks written, and Illinois Funds activity reports. It is the Regional Office of Education #47's policy for the Regional Superintendent and the Assistant Regional Superintendent to sign cover sheets maintained in front of each month's reports within the binder to evidence their review and approval of these items. The binder had not been reviewed and the cover sheets had not been signed by the Assistant Regional Superintendent for the period January – May 2015. The Regional Superintendent had not reviewed the binder or signed the cover sheets for the period July 2014 – May 2015.

EFFECT:

The Regional Office of Education #47 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect errors, omissions, and/or fraud in a timely manner.

CAUSE:

Internal controls over disbursements, receipts, and reporting are not properly implemented.

RECOMMENDATION:

The Regional Superintendent and Assistant Regional Superintendent should follow their established policy and perform a timely review and provide written approval of all reports within this binder on a monthly basis.

MANAGEMENT'S RESPONSE:

This issue has already been corrected. The Regional Superintendent of Schools and Assistant Regional Superintendent of Schools review all financial reports on a monthly basis and sign off as evidence of review. The bookkeeper maintains a monthly file.

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDING
For the Year Ended June 30, 2015**

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES

None

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015**

Corrective Action Plan

FINDING 2015-001 – Controls Over Financial Statement Preparation

CONDITION:

The Regional Office of Education #47 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #47 maintains its accounting records on cash basis accounting during the fiscal year and maintains a list of year-end accrual adjustments for financial statement purposes. While the Regional Office of Education #47 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #47's financial information prepared by the Regional Office of Education #47, it was noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. Audit adjustments were proposed in order to ensure the financial statement balances were in accordance with GAAP. Audit adjustments were also proposed to properly allocate fund balance and cash, to reclassify various revenue or expenditure transactions to the appropriate financial statement classification, and to correct interfund transactions.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the Regional Office of Education #47 did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

PLAN:

As part of our internal control over the preparation of our financial statements, the Regional Office of Education #47 will continue to provide a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures are complete and accurate. Unfortunately, hiring an individual trained in General Accepted Accounting Principles will probably still be cost-prohibitive to our small government entity.

ANTICIPATED DATE OF COMPLETION:

Immediately

CONTACT PERSON:

Honorable Robert D. Sondgeroth, Regional Superintendent of Schools

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015**

Corrective Action Plan

FINDING 2015-002 – Controls Over Disbursements, Receipts and Reporting

CONDITION:

Internal controls over disbursements, receipts, and reporting were not implemented properly. The Regional Office of Education #47 maintains a binder containing the following items: reconciliation reports, fund balance summary reports, bi-monthly payroll register reports, monthly accounts payable listings of all checks written, and Illinois Funds activity reports. It is the Regional Office of Education #47's policy for the Regional Superintendent and the Assistant Regional Superintendent to sign cover sheets maintained in front of each month's reports within the binder to evidence their review and approval of these items. The binder had not been reviewed and the cover sheets had not been signed by the Assistant Regional Superintendent for the period January – May 2015. The Regional Superintendent had not reviewed the binder or signed the cover sheets for the period July 2014 – May 2015.

PLAN:

The Regional Superintendent and Assistant Regional Superintendent will perform a timely review and evidence their approval of the reports within this binder on a monthly basis.

ANTICIPATED DATE OF COMPLETION:

Immediately

CONTACT PERSON:

Honorable Robert D. Sondgeroth, Regional Superintendent of Schools

**LEE/OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Controls Over Financial Statement Preparation	Repeated
2014-002	Inadequate Internal Control Procedures Over Expenditures	Not Repeated
2014-003	Internal Controls Over Grant Reporting	Not Repeated

BASIC FINANCIAL STATEMENTS

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 268,879	\$ 60,863	\$ 329,742
Due (to) from other funds	-	59,827	59,827
Due from other governments	546,385	14,694	561,079
Prepaid expenses	26,350	-	26,350
Total Current Assets	841,614	135,384	976,998
NONCURRENT ASSETS			
Capital assets, being depreciated, net	51,846	-	51,846
TOTAL ASSETS	893,460	135,384	1,028,844
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	110,549	3,069	113,618
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	9,023	1,421	10,444
Accrued payroll and employee benefits	15,036	2,184	17,220
Due to other funds	59,827	-	59,827
Due to other governments	145,846	-	145,846
Capital leases payable - current	4,547	-	4,547
Total Current Liabilities	234,279	3,605	237,884
NONCURRENT LIABILITIES			
Capital leases payable - noncurrent	7,582	-	7,582
Net pension liability	1,072,797	17,811	1,090,608
Total Noncurrent Liabilities	1,080,379	17,811	1,098,190
TOTAL LIABILITIES	1,314,658	21,416	1,336,074
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	314,208	4,582	318,790
NET POSITION			
Net investment in capital assets	39,717	-	39,717
Unrestricted	(760,474)	112,455	(648,019)
Restricted-other	95,900	-	95,900
TOTAL NET POSITION	\$ (624,857)	\$ 112,455	\$ (512,402)

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional Services						
Salaries	\$ 954,913	\$ 9,917	\$ 621,960	\$ (323,036)	\$ -	\$ (323,036)
Employee benefits	119,454	761	95,223	(23,470)	-	(23,470)
Pension expense	45,921	-	-	(45,921)	-	(45,921)
Purchased services	368,626	33,216	228,858	(106,552)	-	(106,552)
Supplies and materials	45,412	4,394	35,749	(5,269)	-	(5,269)
Depreciation	22,365	124	-	(22,241)	-	(22,241)
Payments to other governmental units	1,370,575	-	1,279,262	(91,313)	-	(91,313)
Administrative						
On-behalf payments	789,010	-	-	(789,010)	-	(789,010)
Total Governmental Activities	<u>3,716,276</u>	<u>48,412</u>	<u>2,261,052</u>	<u>(1,406,812)</u>	<u>-</u>	<u>(1,406,812)</u>
Business-Type Activities:						
Other	73,450	104,771	-	-	31,321	31,321
Total Business-type Activities	<u>73,450</u>	<u>104,771</u>	<u>-</u>	<u>-</u>	<u>31,321</u>	<u>31,321</u>
Total Primary Government	<u>\$ 3,789,726</u>	<u>\$ 153,183</u>	<u>\$ 2,261,052</u>	<u>(1,406,812)</u>	<u>31,321</u>	<u>(1,375,491)</u>
General Revenues and Transfers:						
Local sources				137,836	-	137,836
State sources				474,032	-	474,032
On-behalf payments				789,010	-	789,010
Interest				2,560	-	2,560
Total General Revenues				<u>1,403,438</u>	<u>-</u>	<u>1,403,438</u>
Change in Net Position				(3,374)	31,321	27,947
Net Position - Beginning (Restated, See Note 17)				<u>(621,483)</u>	<u>81,134</u>	<u>(540,349)</u>
Net Position - Ending				<u>\$ (624,857)</u>	<u>\$ 112,455</u>	<u>\$ (512,402)</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Education Fund	Nonmajor Special- Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 169,627	\$ 3,352	\$ 95,900	\$ -	\$ 268,879
Accounts receivable	-	-	-	-	-
Due from other funds	309,934	-	-	(309,934)	-
Due from other governments	23,880	522,505	-	-	546,385
Prepaid expenses	26,350	-	-	-	26,350
Total Assets	<u>529,791</u>	<u>525,857</u>	<u>95,900</u>	<u>(309,934)</u>	<u>841,614</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 529,791</u>	<u>\$ 525,857</u>	<u>\$ 95,900</u>	<u>\$ (309,934)</u>	<u>\$ 841,614</u>
LIABILITIES					
Accounts payable	\$ 9,023	\$ -	\$ -	\$ -	\$ 9,023
Accrued payroll and employee benefits	-	15,036	-	-	15,036
Due to other funds	2,895	364,975	1,891	(309,934)	59,827
Due to other governments	-	145,846	-	-	145,846
Total Liabilities	<u>11,918</u>	<u>525,857</u>	<u>1,891</u>	<u>(309,934)</u>	<u>229,732</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	38,469	-	-	38,469
FUND BALANCES (DEFICITS)					
Nonspendable	26,350	-	-	-	26,350
Restricted	-	-	95,900	-	95,900
Unassigned	491,523	(38,469)	(1,891)	-	451,163
Total Fund Balances (Deficits)	<u>517,873</u>	<u>(38,469)</u>	<u>94,009</u>	<u>-</u>	<u>573,413</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
	<u>\$ 529,791</u>	<u>\$ 525,857</u>	<u>\$ 95,900</u>	<u>\$ (309,934)</u>	<u>\$ 841,614</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

Total Fund Balances - Governmental Funds	\$	573,413
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$239,780.		51,846
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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.		38,469
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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	\$ 110,549		
Deferred inflows of resources	<u>(314,208)</u>		(203,659)

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

IMRF net pension liability	(117,107)		
TRS net pension liability	(955,690)		
Capital lease payable	<u>(12,129)</u>		<u>(1,084,926)</u>

Net Position of Governmental Activities	\$	<u><u>(624,857)</u></u>
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The notes to the financial statements are an integral part of this statement.

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Education Fund	Nonmajor Special-Revenue Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 137,835	\$ -	\$ 46,337	\$ -	\$ 184,172
State sources	474,032	344,601	2,075	-	820,708
Federal sources	-	1,898,832	-	-	1,898,832
On-behalf payments	292,866	-	-	-	292,866
Total Revenues	<u>904,733</u>	<u>2,243,433</u>	<u>48,412</u>	<u>-</u>	<u>3,196,578</u>
EXPENDITURES					
Instructional services:					
Salaries	374,603	577,911	2,399	-	954,913
Employee benefits	30,791	88,479	184	-	119,454
Pension expense	30,223	73,676	-	-	103,899
Purchased services	147,942	212,649	8,035	-	368,626
Supplies and materials	11,132	33,217	1,063	-	45,412
Payments to other governmental units	91,313	1,279,262	-	-	1,370,575
On-behalf payments	292,866	-	-	-	292,866
Capital outlay	20,367	8,188	-	-	28,555
Total Expenditures	<u>999,237</u>	<u>2,273,382</u>	<u>11,681</u>	<u>-</u>	<u>3,284,300</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(94,504)</u>	<u>(29,949)</u>	<u>36,731</u>	<u>-</u>	<u>(87,722)</u>
OTHER FINANCING SOURCES (USES)					
Repayment of long-term lease payable	(4,179)	-	-	-	(4,179)
Transfers in	-	607	-	(607)	-
Transfers out	(607)	-	-	607	-
Interest	2,560	-	-	-	2,560
Total Other Financing Sources (Uses)	<u>(2,226)</u>	<u>607</u>	<u>-</u>	<u>-</u>	<u>(1,619)</u>
Net Change in Fund Balances (Deficits)	(96,730)	(29,342)	36,731	-	(89,341)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	614,603	(9,127)	75,415	-	680,891
PRIOR PERIOD ADJUSTMENT (See Note 15)	-	-	(18,137)	-	(18,137)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR - Restated	<u>614,603</u>	<u>(9,127)</u>	<u>57,278</u>	<u>-</u>	<u>662,754</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 517,873</u>	<u>\$ (38,469)</u>	<u>\$ 94,009</u>	<u>\$ -</u>	<u>\$ 573,413</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

Net Change in Fund Balances \$ (89,341)

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

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

Capital outlay	\$ 28,555	
Depreciation expense	<u>(22,365)</u>	6,190

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	38,469	
Prior year unavailable revenue	<u>(20,849)</u>	17,620

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

Pension contributions	103,899	
Cost of benefits earned, net	<u>(45,921)</u>	57,978

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Repayment of principal of capital leases payable		<u>4,179</u>
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Change in Net Position of Governmental Activities \$ (3,374)

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

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities Enterprise Funds		Total
	Workshops	Nonmajor Enterprise Funds	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,067	\$ 50,796	\$ 60,863
Due from other funds	59,827	-	59,827
Due from other governments	4,694	10,000	14,694
Total current assets	<u>74,588</u>	<u>60,796</u>	<u>135,384</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>268</u>	<u>2,801</u>	<u>3,069</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	1,421	1,421
Accrued payroll and employee benefits	-	2,184	2,184
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Total current liabilities	<u>-</u>	<u>3,605</u>	<u>3,605</u>
Noncurrent liabilities			
Net pension liability	<u>3,933</u>	<u>13,878</u>	<u>17,811</u>
Total Liabilities	<u>3,933</u>	<u>17,483</u>	<u>21,416</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,222</u>	<u>3,360</u>	<u>4,582</u>
NET POSITION			
Unrestricted	<u>69,701</u>	<u>42,754</u>	<u>112,455</u>
Total Net Position	<u>\$ 69,701</u>	<u>\$ 42,754</u>	<u>\$ 112,455</u>

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

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-Type Activities		Total
	Enterprise Funds		
	Workshops	Nonmajor Enterprise Funds	
Operating Revenues			
Charges for services	\$ 22,740	\$ 82,031	\$ 104,771
Operating Expenses			
Salaries	2,517	27,162	29,679
Employee benefits	317	2,413	2,730
Pension expense	62	1,660	1,722
Purchased services	23,188	14,530	37,718
Supplies and materials	1,292	309	1,601
Total Operating Expenses	<u>27,376</u>	<u>46,074</u>	<u>73,450</u>
Change in Net Position	<u>(4,636)</u>	<u>35,957</u>	<u>31,321</u>
Net Position, Beginning of Year	79,428	22,066	101,494
Prior Period Adjustment (See Note 17)	<u>(5,091)</u>	<u>(15,269)</u>	<u>(20,360)</u>
Net Position, Beginning of Year - Restated	<u>74,337</u>	<u>6,797</u>	<u>81,134</u>
Net Position, End of Year	<u>\$ 69,701</u>	<u>\$ 42,754</u>	<u>\$ 112,455</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	Business-type Activities		Total
	Enterprise Funds		
	Workshops	Nonmajor Enterprise Funds	
Cash flows from Operating Activities:			
Receipts from customers	\$ 20,537	\$ 74,065	\$ 94,602
Payments to suppliers and providers of goods and services	(25,660)	(18,933)	(44,593)
Payments to employees	(3,100)	(29,883)	(32,983)
Net Cash Provided by (Used for) Operating Activities	<u>(8,223)</u>	<u>25,249</u>	<u>17,026</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans (made) repaid, net	(59,827)	-	(59,827)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(59,827)</u>	<u>-</u>	<u>(59,827)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,050)	25,249	(42,801)
Cash and Cash Equivalents, Beginning of Year	<u>78,117</u>	<u>25,547</u>	<u>103,664</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,067</u>	<u>\$ 50,796</u>	<u>\$ 60,863</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (4,636)	\$ 35,957	\$ 31,321
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension expense reconciliation	(204)	(832)	(1,036)
(Increase) decrease in assets:			
Due from other governments	(2,203)	(7,966)	(10,169)
Increase (decrease) in liabilities:			
Accounts payable	(1,180)	(4,094)	(5,274)
Accrued payroll and employee benefits	-	2,184	2,184
Net cash provided by (used for) operating activities	<u>\$ (8,223)</u>	<u>\$ 25,249</u>	<u>\$ 17,026</u>

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

**LEE AND OGLE COUNTIES
 REGIONAL OFFICE OF EDUCATION #47
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2015**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 8,258
Due from other governments	19,945
TOTAL ASSETS	\$ 28,203
LIABILITIES	
Due to other governments	\$ 28,203
TOTAL LIABILITIES	\$ 28,203

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #47 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2015, the Regional Office of Education #47 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The Regional Office of Education #47 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government's proportionate share of the employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. Date of Management's Review

Management has evaluated subsequent events through June 23, 2016, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers' institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #47's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within the region are properly bonded. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or 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 Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2015, the Regional Office of Education #47 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #47. Such activities are reported as a single major special revenue fund (Education Fund).

C. Scope of Reporting Entity

The Regional Office of Education #47's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #47 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #47 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #47 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #47 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #47 being considered a component unit of the entity.

D. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #47's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #47 also has business-type activities that rely on fees and charges for support.

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements (Concluded)

The Regional Office of Education #47's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #47 accompanied by a total column. These statements are presented using an economic resources measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #47's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

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

E. Proprietary Fund Financial Statements

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Proprietary Fund Financial Statements (Concluded)

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

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

F. Governmental Fund Financial Statements

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

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

G. Measurement Focus and Basis of Accounting

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to Regional Office of Education #47; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #47 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #47's policy to first apply restricted funds, then unrestricted funds as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #47 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #47 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #47 has presented all major funds that met the above qualifications.

The Regional Office of Education #47 reports the following major governmental funds:

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

Local Fund – to account for monies received for, and payment of, expenditures for various educational workshops and interest income related to various grants.

E-Rate – to account for monies received through the E-Rate program that are used to help ensure that schools and libraries can obtain telecommunications and internet access at affordable rates.

Alternative Learning Opportunity Program – General State Aid (ALOP-GSA) – to account for state aid funds received for, and payment of, expenditures relating to the operation of an Alternative Learning Opportunity Program.

Regional Safe Schools Program – General State Aid (RSSP-GSA) – to account for the state aid funds received for, and payment of, the expenditures relating to the Regional Safe Schools Program – General State Aid.

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

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Early Childhood Block Grant – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Prevention Initiative program.

Preschool for All – to account for grant monies received for, and payment of, expenditures relating to the Early Childhood Block Grant Preschool for All Children Program.

Foundation Level Services – to account for grant monies received for, and payment of, expenditures relating to the Title I School Improvement and Accountability Part A – Statewide System of Support program. This fund supports the improvement of basic programs operated by the Regional Office of Education #47 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.

IDEA Improvement Grant, Part D – to account for grant monies passed through the Illinois State Board of Education (ISBE) received for, and payment of expenditures relating to the Individuals with Disabilities Education Act (IDEA) – Response to Intervention program, which provides a statewide network for technical assistance and professional development.

McKinney Education for Homeless Children – to account 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 ISBE.

National School Lunch – to account for federal grant monies passed through the ISBE under the National School Lunch Program to provide lunch to students enrolled in the Regional Office of Education #47's alternative education programs.

School Breakfast Program – to account for federal grant monies passed through the ISBE under the School Breakfast Program to provide breakfast to students enrolled in the Regional Office of Education #47's alternative education programs.

State Free Lunch and Breakfast – to account for monies used to provide breakfast and lunch to students who qualify for free lunch and breakfast and are enrolled in the Regional Office of Education #47's alternative education programs.

Regional Safe Schools Program - 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 instruction services and materials for the alternative school program for at-risk youth, creating alternative placement for those students into a safe school program.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

ROE Operations – to account for the funding of the Regional Office of Education #47 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.

Rural Education Achievement Program – to account for the grant monies received for, and payment of, expenditures relating to the federal Small, Rural School Achievement Program.

Title I – Migrant Education and Title I – Migrant Incentive – to account for grant monies received for, and payment of, the expenditures relating to the federal Migrant Education Program (MEP) and the MEP Consortium Incentive Grants. These programs support high quality education programs for migratory children to address their special needs and to ensure that such children receive full and appropriate opportunities to meet the same challenging academic content and student academic achievement standards that all children are expected to meet.

Truants Alternative Program – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #47. 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.

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Training – to account for State and local resources accumulated for, and payment of, expenses of issuing school bus driver permits and administering school bus driver training.

General Education Development – to account 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 – to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers’ licenses. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of licenses as well as any expenses incidental to teachers’ institutes, conferences and workshops or meetings of a professional nature that are designed to promote growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Proprietary Funds

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #47 reports the following enterprise funds:

Major Proprietary Fund – The Regional Office of Education #47 reports the following proprietary fund as a major fund:

Workshops – to account for workshops associated with various grant programs.

Nonmajor Proprietary Funds – The Regional Office of Education #47 reports the following nonmajor proprietary funds:

School Improvement Plan (SIP) – to account for monies received from school districts held for expenses relating to their school improvement plans.

Fingerprinting – to account for resources accumulated for, and payment of, expenses of providing criminal background checks.

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #47 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:

Impact Fees – to account for monies received from owners/builders for the issuance of a zoning certificate. The Regional Superintendent, as agent, remits the fees collected to the appropriate school district.

Petitions Fund – to account for the receipts and disbursements related to petitions filed for annexation or detachment of school district boundaries. The Regional Superintendent, as agent, remits the fees collected to the appropriate agencies.

15th Judicial Circuit Family Violence Coordinating Council – to account for monies received from the Illinois Family Violence Coordinating Council to provide community awareness, coordination, and training to impede family violence. All disbursements are at the discretion of the Illinois Criminal Justice Information Authority.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Fiduciary Funds (Concluded)

15th Judicial Circuit Family Violence Coordinating Council – Arrest Grant – to account for monies received from the Illinois Violence Prevention Authority under the Grants to Encourage Arrest Policies and Enforcement program. This program is used to update protocols and train personnel for procedures during an arrest and investigation with a family violence allegation. All disbursements are at the discretion of the Illinois Criminal Justice Information Authority.

Whiteside ROE – to account for monies received from Whiteside ROE and then disbursed for its payroll and benefits.

I. Governmental Fund Balances

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

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Fund account has a nonspendable fund balance: ALOP-GSA.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training and Institute.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #47 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. There are no accounts that have an assigned fund balance.

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): Local Fund, E-Rate, ALOP-GSA, and RSSP-GSA. The following Education Fund accounts have an unassigned fund deficit: IDEA Improvement Grants, Part D and Title I – Migrant Education. The following Nonmajor Special Revenue Fund accounts have an unassigned fund deficit: General Education Development.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position

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.

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.

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #47 considers all liquid investments, including certificates of deposit, to be cash equivalents.

L. Inventory

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

M. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5-7 years.

N. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

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

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

Q. Compensated Absences

Full-time employees can earn from 10 to 15 vacation days for a full year of service. Employee vacation pay is recorded when paid. Upon termination, employees can receive accrued vacation pay. However, vacation time cannot be carried forward into the next calendar year, so no accrued vacation liability is recorded.

An employee working 20 hours or more per week is entitled to ten sick days annually. Employee sick leave is recorded when paid. Unused sick days may be allowed to accumulate to a maximum amount allowable by TRS or IMRF without penalty. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

An employee working 20 hours or more per week is entitled to two personal leave days per year. Personal leave days do not accumulate from year to year, but unused leave days will be allowed to accumulate toward the sick leave accumulation maximum.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

R. Estimates

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

S. Budget Information

The Regional Office of Education #47 acts as the administrative agent for certain grant programs that are accounted for within the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Early Childhood Block Grant, Preschool for All, Foundation Level Services, IDEA Improvement Grants, Part D, McKinney Education for Homeless Children, Regional Safe Schools, ROE Operations, Title I - Migrant Education, Title I - Migrant Incentive, and Truants Alternative Education.

T. Long-Term Obligations

Long-term liabilities are reported only on the Statement of Net Position and consist of a capital lease as discussed further in Note 12.

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education #47's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office of Education #47 to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal Depository Insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

A. Cash Deposits

At June 30, 2015, the carrying amount of the Regional Office of Education #47's government-wide and fiduciary fund deposits were \$329,742 and \$8,258, respectively, and the bank balances were \$481,141 and \$8,258, respectively. At June 30, 2015, \$250,000 of the Regional Office of Education #47's cash deposits were insured by the Federal Deposit Insurance Corporation. Another \$216,503 was collateralized by securities pledged and \$18,407 was invested in the Illinois Funds Money Market Fund.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #47's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #47.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

B. Investments

The Regional Office of Education #47's investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2015, the Regional Office of Education #47 had investments with carrying and fair values of \$18,407 invested in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAA rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 3: DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #47'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 #47's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a 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.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	4
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	12
Total	29

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

As set by statute, the Regional Office of Education #47'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 #47's annual contribution rate for calendar year 2014 was 14.79%. For the calendar year ended December 31, 2014, the Regional Office of Education #47 contributed \$47,171 to the plan. The Regional Office of Education #47 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #47's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- 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.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

- 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	<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 3.56%, and the resulting single discount rate is 7.50%.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: DEFINED BENEFIT PENSION PLAN (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, 2013	\$ 670,901	\$ 542,792	\$ 128,109
Changes for the year:			
Service Cost	39,311	-	39,311
Interest on the Total Pension Liability	50,499	-	50,499
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(23,481)	-	(23,481)
Changes of Assumptions	22,375	-	22,375
Contributions - Employer	-	47,171	(47,171)
Contributions - Employees	-	19,049	(19,049)
Net Investment Income	-	28,051	(28,051)
Benefit Payments, including Refunds			
of Employee Contributions	(35,339)	(35,339)	-
Other (Net Transfer)	-	(370)	370
Net Changes	53,365	58,562	(5,197)
Balances at December 31, 2014	\$ 724,266	\$ 601,354	\$ 122,912

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 231,011	\$ 122,912	\$ 38,116

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

For the year ending June 30, 2015, the Regional Office of Education #47 recognized pension expense of \$32,462. At June 30, 2015, the Regional Office of Education #47 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 18,012
Changes of assumptions	17,164	-
Net difference between projected and actual earnings on pension plan investments	<u>10,360</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>27,524</u>	<u>18,012</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>	<u>20,132</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 47,656</u></u>	<u><u>\$ 18,012</u></u>

\$20,132 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
<u> </u>	<u> </u>
2015	\$ 2,332
2016	2,000
2017	2,590
2018	2,590
2019	-
Thereafter	<u>-</u>
Total	<u><u>\$ 9,512</u></u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #47 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits provided

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

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

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 retirements, 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.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Contributions (Concluded)

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #47.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #47. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education #47 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education #47, and the Regional Office of Education #47 recognized revenue and expenditures of \$496,144 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015 were \$3,245, and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #47, there is a statutory requirement for the Regional Office of Education #47 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$188,503 were paid from federal and special trust funds that required employer contributions of \$62,206. These contributions are deferred because they were paid after the June 30, 2014 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 #47 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education #47 paid no employer ERO contributions to TRS.

The Regional Office of Education #47 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education #47 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

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

At June 30, 2015 the Regional Office of Education #47 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 follow:

Employers proportionate share of the net pension liability	\$ 967,695
State's proportionate share of the net pension liability associated with the employer	<u>6,162,461</u>
Total	<u>\$ 7,130,156</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education #47's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education #47's proportion was 0.0015900801 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education #47's proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #47's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer's proportion was 0.0020902377 percent.

For the year ended June 30, 2015, the Regional Office of Education #47 recognized pension expense of \$496,144 and revenue of \$496,144 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education #47 recognized pension expense of \$15,180. At June 30, 2015, the Regional Office of Education #47 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 511	\$ -
Net difference between projected and actual earnings on pension plan investments	-	48,634
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	252,144
Employer contributions subsequent to the measurement date	65,451	-
Total	\$ 65,962	\$ 300,778

\$65,451 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the consolidating Regional Offices as a reduction of their net pension liabilities in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in these Regional Offices' pension expense as follows:

Year ended June 30:		
2016	\$	(73,235)
2017		(73,235)
2018		(73,235)
2019		(73,235)
2020		(7,327)
	\$	(300,267)

Actuarial assumptions

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

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

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

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

Actuarial assumptions (Concluded)

were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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

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

Discount Rate

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

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

Sensitivity of the Regional Office of Education #47's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 1,195,056	\$ 967,695	\$ 779,415

TRS fiduciary net position

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

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS

The Regional Office of Education #47 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.

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

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

On behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #47. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$5,707, and the Regional Office of Education #47 recognized revenue and expenditures of this amount during the year.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONCLUDED)

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #47's employees were \$5,192 and \$5,185, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #47 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the Regional Office of Education #47 paid \$4,252 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and June 30, 2013, the Regional Office of Education #47 paid \$3,854 and \$3,889, respectively.

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

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Due From Other Funds	Due to Other Funds
General Fund		
Local Fund	\$ 309,934	\$ -
E-Rate	-	2,895
Education Fund		
Early Childhood Block Grant	-	900
Foundation Level Services	-	19,640
IDEA Improvement Grants, Part D	-	253,491
McKinney Education for Homeless Children	-	83,082
Regional Safe Schools Program	-	5,250
Title I – Migrant Education	-	2,612
Nonmajor Special Revenue Funds		
General Education Development	-	1,891
Proprietary Funds		
Workshops	59,827	-
	<u>\$ 369,761</u>	<u>\$ 369,761</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #47's General Fund, Education Fund, Proprietary Fund, Agency Fund, and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:	
General Fund	
Local Governments	\$ 23,880
Special Revenue Fund – Education Fund	
Illinois State Board of Education	522,505
Proprietary Fund – Workshops	
Local Governments	4,694
Proprietary Fund – Nonmajor Enterprise Funds	
Local Governments	10,000
Fiduciary Fund	
Illinois Violence Prevention Authority	4,336
Whiteside ROE	15,609
Total	<u>\$ 581,024</u>

Due to Other Governmental Units:	
Special Revenue Fund – Education Fund	
Local Governments	\$ 145,846
Fiduciary Fund	
Local Governments	28,203
Total	<u>\$ 174,049</u>

NOTE 8: TRANSFERS

Interfund transfers in / out to other funds at June 30, 2015 consist of the following individual transfers in / out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

Fund	Transfers In	Transfers Out
General Fund		
Local Fund	\$ -	\$ 607
Education Fund		
IDEA Improvement Grants, Part D	548	-
Rural Education Achievement Program	59	-
	<u>\$ 607</u>	<u>\$ 607</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 9: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2015 was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Funds				
Total Capital Assets	\$ 263,071	\$ 28,555	\$ -	\$ 291,626
Less: Accumulated Depreciation	(217,415)	(22,365)	-	(239,780)
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 45,656</u>	<u>\$ 6,190</u>	<u>\$ -</u>	<u>\$ 51,846</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$22,365 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2015. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

Included in the capital asset activity above are assets under lease-purchase agreements. The gross amount of equipment assets recorded under lease-purchase agreements totaled \$22,190. The accumulated depreciation for these leased equipment assets totaled \$11,095.

NOTE 10: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

General Fund	
E-Rate	\$ 2,895
Education Fund	
IDEA Improvement Grants, Part D	\$ 23,433
Title I – Migrant Education	\$ 15,036
Nonmajor Special Revenue Funds	
General Education Development	\$ 1,891
Nonmajor Proprietary Funds	
Fingerprinting	\$ 3,122

The Regional Office of Education #47 will monitor expenses within these programs during the course of the subsequent fiscal year.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 11: CAPITAL LEASES

The Regional Office of Education #47 has entered into lease agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

Future minimum lease obligations and the net present value of these lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 5,400
2017	5,400
2018	<u>2,700</u>
Total minimum lease payments	13,500
Less: amount representing interest	<u>(1,371)</u>
Present value of minimum lease payments	<u>\$ 12,129</u>

<u>Capital Lease</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Funds	\$ 16,308	\$ -	\$ 4,179	\$ 12,129	\$ 4,547

NOTE 12: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #47:

Regional Superintendents Salaries	\$ 106,356
Regional Superintendents Fringe Benefits (Includes State paid insurance)	31,812
Assistant Regional Superintendents Salaries	95,736
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	19,689
THIS Fund Contributions	<u>5,707</u>
Total	<u>\$ 259,300</u>

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 12: ON-BEHALF PAYMENTS (CONCLUDED)

Lee and Ogle Counties provide the Regional Office of Education #47 with staff on behalf of the Regional Office of Education #47. These amounts have been recorded in the accompanying governmental fund financial statements as local revenue and expenditures. The expenditures paid on Regional Office of Education #47's behalf for the year ended June 30, 2015 were as follows:

Salaries	\$	28,519
Benefits		5,047
Total		33,566

Regional Office of Education #47 also recorded \$496,144 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 #21 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	\$	259,300
ROE #47's share of TRS pension expense		496,144
Total		755,444

NOTE 13: RISK MANAGEMENT

The Regional Office of Education #47 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #47 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 14: OPERATING LEASES

On April 17, 2013 the Regional Office of Education #47 entered into an agreement for the lease of a school building. The lease agreement is for the period of August 1, 2013 through July 31, 2015, with quarterly payments of \$8,250. Lease expense for the building in fiscal year 2015 was \$33,000. Future minimum lease payments are \$8,250 in fiscal year 2016.

NOTE 15: PRIOR PERIOD ADJUSTMENTS

The beginning net position on the Statement of Activities was decreased by \$18,137 as a result of the following prior period adjustment:

- A reduction of prior period fund balance and net position of \$18,137 resulting from a correction of an error in the Institute Fund.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Whiteside County will be included in the Regional Office of Education #47.

NOTE 17: RESTATEMENT

The Regional Office of Education #47 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$1,334,434 and \$20,360, for Governmental and Business-Type Activities, respectively. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities and business-type activities on the government-wide Statement of Activities has been restated as follows:

<u>Governmental Activities Net Position</u>	
Net Position - July 01, 2014	\$ 731,088
Prior period adjustment – See Note 15	(18,137)
Effect of recognizing deferred outflows of resources and net pension liability	<u>(1,334,434)</u>
Net Position, restated - July 01, 2014	<u>\$ (621,483)</u>
 <u>Business-Type Activities Net Position</u>	
Net Position - July 01, 2014	\$ 101,494
Effect of recognizing deferred outflows of resources and net pension liability	<u>(20,360)</u>
Net Position, restated - July 01, 2014	<u>\$ 81,134</u>

REQUIRED SUPPLEMENTARY INFORMATION

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	2014
Total Pension Liability	
Service Cost	\$ 39,311
Interest on the Total Pension Liability	50,499
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(23,481)
Changes of Assumptions	22,375
Benefit Payments, including Refunds of Employee Contributions	(35,339)
Net Change in Total Pension Liability	53,365
Total Pension Liability - Beginning	670,901
Total Pension Liability - Ending (A)	\$ 724,266
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 47,171
Contributions - Employees	19,049
Net Investment Income	28,051
Benefit Payments, including Refunds of Employee Contributions	(35,339)
Other (Net Transfer)	(370)
Net Change in Plan Fiduciary Net Position	58,562
Plan Fiduciary Net Position - Beginning	542,792
Plan Fiduciary Net Position - Ending (B)	\$ 601,354
 Net Pension Liability - Ending (A) - (B)	\$ 122,912
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%
 Covered Valuation Payroll	\$ 318,940
 Net Pension Liability as a Percentage of Covered Valuation Payroll	38.54%

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.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 38,727 *	\$ 47,171	\$ (8,444)	\$ 318,940	14.79%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

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

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

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015 ***

Employer's proportion of the net pension liability	0.0015900801%
Employer's proportionate share of the net pension liability	\$ 967,695
State's proportionate share of the net pension liability associated with the employer	<u>6,162,461</u>
Total	<u>\$ 7,130,156</u>
Employer's covered-employee payroll	\$ 549,345
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.2%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

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

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

Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 65,451	\$ 65,451	\$ -	\$ 569,536	11.5%
2014	54,182	56,733	(2,551)	549,345	10.3%

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

Notes to This Required Supplementary Information

Changes of assumptions

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

SUPPLEMENTAL INFORMATION

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 167,189	\$ 2,438	\$ 169,627
Due from other funds	309,934	-	-	-	309,934
Due from other governments	22,380	-	1,500	-	23,880
Prepaid expenses	-	-	26,350	-	26,350
Total Assets	332,314	-	195,039	2,438	529,791
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 332,314	\$ -	\$ 195,039	\$ 2,438	\$ 529,791
Liabilities					
Accounts payable	\$ 6,072	-	\$ 2,951	\$ -	\$ 9,023
Due to other funds	-	2,895	-	-	2,895
Total Liabilities	6,072	2,895	2,951	-	11,918
Deferred Inflows of Resources	-	-	-	-	-
Fund Balances (Deficits)					
Nonspendable	-	-	26,350	-	26,350
Unassigned	326,242	(2,895)	165,738	2,438	491,523
Total Fund Balances (Deficits)	326,242	(2,895)	192,088	2,438	517,873
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 332,314	\$ -	\$ 195,039	\$ 2,438	\$ 529,791

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2015**

	Local Fund	E-Rate	Alternative Learning Opportunity Program - General State Aid (ALOP-GSA)	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
Revenues					
Local sources	\$ 105,855	\$ 2,480	\$ 29,500	\$ -	\$ 137,835
State sources	-	-	343,883	130,149	474,032
On-behalf payments	292,866	-	-	-	292,866
Total Revenues	<u>398,721</u>	<u>2,480</u>	<u>373,383</u>	<u>130,149</u>	<u>904,733</u>
Expenditures					
Instructional services					
Salaries	87,758	-	263,795	23,050	374,603
Employee benefits	8,771	-	20,192	1,828	30,791
Pension expense	9,461	-	19,231	1,531	30,223
Purchased services	92,845	4,297	47,283	3,517	147,942
Supplies and materials	7,705	-	1,479	1,948	11,132
Payments to other governmental units	-	-	-	91,313	91,313
On-behalf payments	292,866	-	-	-	292,866
Capital outlay	15,843	-	-	4,524	20,367
Total Expenditures	<u>515,249</u>	<u>4,297</u>	<u>351,980</u>	<u>127,711</u>	<u>999,237</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(116,528)</u>	<u>(1,817)</u>	<u>21,403</u>	<u>2,438</u>	<u>(94,504)</u>
Other Financing Sources (Uses)					
Repayment of long-term lease payable	(4,179)	-	-	-	(4,179)
Transfers out	(607)	-	-	-	(607)
Interest	2,560	-	-	-	2,560
Total Other Financing Sources (Uses)	<u>(2,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,226)</u>
Net Change in Fund Balances (Deficits)	(118,754)	(1,817)	21,403	2,438	(96,730)
Fund Balances (Deficits), Beginning of Year	<u>444,996</u>	<u>(1,078)</u>	<u>170,685</u>	<u>-</u>	<u>614,603</u>
Fund Balances (Deficits), End of Year	<u>\$ 326,242</u>	<u>\$ (2,895)</u>	<u>\$ 192,088</u>	<u>\$ 2,438</u>	<u>\$ 517,873</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	Early Childhood Block Grant	Preschool for All	Foundation Level Services	IDEA Improvement Grants, Part D	McKinney Education for Homeless Children
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	900	-	19,640	395,643	83,082
Total Assets	<u>900</u>	<u>-</u>	<u>19,640</u>	<u>395,643</u>	<u>83,082</u>
Deferred Outflows of Resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 19,640</u>	<u>\$ 395,643</u>	<u>\$ 83,082</u>
Liabilities					
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	900	-	19,640	253,491	83,082
Due to other governments	-	-	-	142,152	-
Total Liabilities	<u>900</u>	<u>-</u>	<u>19,640</u>	<u>395,643</u>	<u>83,082</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,433</u>	<u>-</u>
Fund Balances (Deficits)					
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,433)</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,433)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 19,640</u>	<u>\$ 395,643</u>	<u>\$ 83,082</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations
Assets					
Cash and cash equivalents	\$ 878	\$ 280	\$ 18	\$ -	\$ -
Due from other governments	-	-	-	5,592	-
Total Assets	<u>878</u>	<u>280</u>	<u>18</u>	<u>5,592</u>	<u>-</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 878</u>	<u>\$ 280</u>	<u>\$ 18</u>	<u>\$ 5,592</u>	<u>\$ -</u>
Liabilities					
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	5,250	-
Due to other governments	878	280	18	342	-
Total Liabilities	<u>878</u>	<u>280</u>	<u>18</u>	<u>5,592</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 878</u>	<u>\$ 280</u>	<u>\$ 18</u>	<u>\$ 5,592</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	Rural Education Achievement Program	Title I - Migrant Education	Title I - Migrant Incentive	Truants Alternative Education	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,176	\$ 3,352
Due from other governments	-	17,648	-	-	522,505
Total Assets	<u>-</u>	<u>17,648</u>	<u>-</u>	<u>2,176</u>	<u>525,857</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 17,648</u>	<u>\$ -</u>	<u>\$ 2,176</u>	<u>\$ 525,857</u>
Liabilities					
Accrued payroll and employee benefits	\$ -	\$ 15,036	\$ -	\$ -	\$ 15,036
Due to other funds	-	2,612	-	-	364,975
Due to other governments	-	-	-	2,176	145,846
Total Liabilities	<u>-</u>	<u>17,648</u>	<u>-</u>	<u>2,176</u>	<u>525,857</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>15,036</u>	<u>-</u>	<u>-</u>	<u>38,469</u>
Fund Balances (Deficits)					
Unassigned	<u>-</u>	<u>(15,036)</u>	<u>-</u>	<u>-</u>	<u>(38,469)</u>
Total Fund Balances (Deficits)	<u>-</u>	<u>(15,036)</u>	<u>-</u>	<u>-</u>	<u>(38,469)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 17,648</u>	<u>\$ -</u>	<u>\$ 2,176</u>	<u>\$ 525,857</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	Early Childhood Block Grant	Preschool for All	Foundation Level Services	IDEA Improvement Grants, Part D	McKinney Education for Homeless Children
Revenues					
State sources	\$ 30,014	\$ 77,359	\$ -	\$ -	\$ -
Federal sources	-	-	70,680	1,507,970	220,614
Total Revenues	<u>30,014</u>	<u>77,359</u>	<u>70,680</u>	<u>1,507,970</u>	<u>220,614</u>
Expenditures					
Instructional services					
Salaries	22,103	62,967	39,039	233,298	43,960
Employee benefits	1,750	5,047	9,420	48,139	3,264
Pension expense	-	6,626	9,205	33,817	6,226
Purchased services	6,090	2,612	13,016	133,675	7,251
Supplies and materials	71	107	-	22,059	1,481
Payments to other governmental units	-	-	-	1,050,987	158,432
Capital outlay	-	-	-	849	-
Total Expenditures	<u>30,014</u>	<u>77,359</u>	<u>70,680</u>	<u>1,522,824</u>	<u>220,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,854)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	548	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>548</u>	<u>-</u>
Net Change in Fund Balances (Deficits)	-	-	-	(14,306)	-
Fund Balances (Deficits), Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,127)</u>	<u>-</u>
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,433)</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	National School Lunch	School Breakfast Program	State Free Lunch and Breakfast	Regional Safe Schools Program	ROE Operations
Revenues					
State sources	\$ -	\$ -	\$ 148	\$ 61,215	\$ 62,131
Federal sources	9,809	3,247	-	-	-
Total Revenues	<u>9,809</u>	<u>3,247</u>	<u>148</u>	<u>61,215</u>	<u>62,131</u>
Expenditures					
Instructional services					
Salaries	-	-	-	8,323	42,428
Employee benefits	-	-	-	653	3,618
Pension expense	-	-	-	1,209	5,060
Purchased services	-	-	148	785	10,665
Supplies and materials	-	-	-	-	360
Payments to other governmental units	9,809	3,247	-	50,245	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>9,809</u>	<u>3,247</u>	<u>148</u>	<u>61,215</u>	<u>62,131</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances (Deficits)	-	-	-	-	-
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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	Rural Education Achievement Program	Title I - Migrant Education	Title I - Migrant Incentive	Truants Alternative Education	Total
Revenues					
State sources	\$ -	\$ -	\$ -	\$ 113,734	\$ 344,601
Federal sources	17,119	68,160	1,233	-	1,898,832
Total Revenues	<u>17,119</u>	<u>68,160</u>	<u>1,233</u>	<u>113,734</u>	<u>2,243,433</u>
Expenditures					
Instructional services					
Salaries	-	39,833	-	85,960	577,911
Employee benefits	-	12,866	-	3,722	88,479
Pension expense	-	7,796	-	3,737	73,676
Purchased services	5,047	19,705	-	13,655	212,649
Supplies and materials	-	1,246	1,233	6,660	33,217
Payments to other governmental units	4,792	1,750	-	-	1,279,262
Capital outlay	7,339	-	-	-	8,188
Total Expenditures	<u>17,178</u>	<u>83,196</u>	<u>1,233</u>	<u>113,734</u>	<u>2,273,382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(59)</u>	<u>(15,036)</u>	<u>-</u>	<u>-</u>	<u>(29,949)</u>
Other Financing Sources (Uses)					
Transfers in	59	-	-	-	607
Total Other Financing Sources (Uses)	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607</u>
Net Change in Fund Balances (Deficits)	-	(15,036)	-	-	(29,342)
Fund Balances (Deficits), Beginning of Year	-	-	-	-	(9,127)
Fund Balances (Deficits), End of Year	<u>\$ -</u>	<u>\$ (15,036)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,469)</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to August 31, 2015)
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 29,664	\$ 50,114	\$ 30,014
Total Revenues	<u>29,664</u>	<u>50,114</u>	<u>30,014</u>
Expenditures			
Salaries	21,977	35,768	22,103
Employee benefits	1,685	4,307	1,750
Purchased services	5,781	9,769	6,090
Supplies and materials	221	270	71
Total Expenditures	<u>29,664</u>	<u>50,114</u>	<u>30,014</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to August 31, 2015)
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 78,821	\$ 90,359	\$ 77,359
Total Revenues	<u>78,821</u>	<u>90,359</u>	<u>77,359</u>
Expenditures			
Salaries	64,281	72,505	62,967
Employee benefits	11,555	13,113	5,047
Pension expense	-	-	6,626
Purchased services	2,832	4,188	2,612
Supplies and materials	153	553	107
Total Expenditures	<u>78,821</u>	<u>90,359</u>	<u>77,359</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
FOUNDATION LEVEL SERVICES
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 87,760	\$ 126,411	\$ 70,680
Total Revenues	<u>87,760</u>	<u>126,411</u>	<u>70,680</u>
Expenditures			
Salaries	45,362	57,370	39,039
Employee benefits	22,725	26,824	9,420
Pension expense	-	-	9,205
Purchased services	19,673	42,217	13,016
Total Expenditures	<u>87,760</u>	<u>126,411</u>	<u>70,680</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2014 to June 30, 2016)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,400,000	\$ 3,161,518	\$ 1,059,178
Total Revenues	<u>2,400,000</u>	<u>3,161,518</u>	<u>1,059,178</u>
Expenditures			
Salaries	214,705	314,411	163,373
Employee benefits	76,123	182,535	35,003
Pension expense	-	-	25,670
Purchased services	712,496	926,381	74,274
Supplies and materials	45,750	65,000	11,624
Capital outlay	8,000	30,000	849
Payments to other governmental units	1,309,399	1,617,063	771,818
Other*	33,527	26,128	-
Total Expenditures	<u>2,400,000</u>	<u>3,161,518</u>	<u>1,082,611</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(23,433)
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance (Deficit), End of Year			<u>\$ (23,433)</u>

* Other expenditures are comprised of indirect costs approved on the budget. These indirect costs are allocated to the applicable expenditure function in the actual amounts column.

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2013 to October 31, 2014)
EDUCATION FUND ACCOUNTS
IDEA IMPROVEMENT GRANTS, PART D
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 2,400,000	\$ 2,400,000	\$ 448,792
Total Revenues	<u>2,400,000</u>	<u>2,400,000</u>	<u>448,792</u>
Expenditures			
Salaries	208,000	214,705	69,925
Employee benefits	73,269	76,123	13,136
Pension expense	-	-	8,147
Purchased services	805,518	712,496	59,401
Supplies and materials	43,150	45,750	10,435
Capital outlay	4,000	8,000	-
Payments to other governmental units	1,233,609	1,309,399	279,169
Other*	32,454	33,527	-
Total Expenditures	<u>2,400,000</u>	<u>2,400,000</u>	<u>440,213</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>8,579</u>
Other Financing Sources			
Transfers in	-	-	548
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>548</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	9,127
Fund Balance (Deficit), Beginning of Year			<u>(9,127)</u>
Fund Balance, End of Year			<u>\$ -</u>

* Other expenditures are comprised of indirect costs approved on the budget. These indirect costs are allocated to the applicable expenditure function in the actual amounts column.

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 207,020	\$ 234,229	\$ 219,140
Total Revenues	<u>207,020</u>	<u>234,229</u>	<u>219,140</u>
Expenditures			
Salaries	40,800	42,800	43,960
Employee benefits	9,530	10,000	3,264
Pension expense	-	-	6,226
Purchased services	7,887	10,864	7,251
Supplies and materials	268	268	7
Payments to other governmental units	148,535	170,297	158,432
Total Expenditures	<u>207,020</u>	<u>234,229</u>	<u>219,140</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to August 31, 2014)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 207,441	\$ 217,020	\$ 1,474
Total Revenues	<u>207,441</u>	<u>217,020</u>	<u>1,474</u>
Expenditures			
Salaries	43,800	43,800	-
Employee benefits	8,934	8,934	-
Purchased services	5,483	5,483	-
Supplies and materials	689	268	1,474
Payments to other governmental units	148,535	158,535	-
Total Expenditures	<u>207,441</u>	<u>217,020</u>	<u>1,474</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 62,974	\$ 61,557	\$ 61,215
Total Revenues	<u>62,974</u>	<u>61,557</u>	<u>61,215</u>
Expenditures			
Salaries	9,000	8,500	8,323
Employee benefits	1,231	1,978	653
Pension expense	-	-	1,209
Purchased services	1,784	834	785
Supplies and materials	206	-	-
Payments to other governmental units	50,753	50,245	50,245
Total Expenditures	<u>62,974</u>	<u>61,557</u>	<u>61,215</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 6, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
ROE OPERATIONS
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 62,131	\$ 62,131	\$ 62,131
Total Revenues	<u>62,131</u>	<u>62,131</u>	<u>62,131</u>
Expenditures			
Salaries	42,428	42,428	42,428
Employee benefits	8,362	8,362	3,618
Pension expense	-	-	5,060
Purchased services	10,681	10,681	10,665
Supplies and materials	660	660	360
Total Expenditures	<u>62,131</u>	<u>62,131</u>	<u>62,131</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-00)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 25,468	\$ 25,468	\$ 14,393
Total Revenues	<u>25,468</u>	<u>25,468</u>	<u>14,393</u>
Expenditures			
Salaries	9,892	9,892	6,442
Employee benefits	4,492	4,492	1,258
Pension expense	-	-	1,098
Purchased services	9,594	9,594	5,595
Supplies and materials	890	890	-
Payments to other governmental units	600	600	-
Total Expenditures	<u>25,468</u>	<u>25,468</u>	<u>14,393</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 17, 2015 to August 31, 2015)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-01)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 85,655	\$ 87,450	\$ 1,352
Total Revenues	<u>85,655</u>	<u>87,450</u>	<u>1,352</u>
Expenditures			
Salaries	46,802	46,802	11,117
Employee benefits	16,791	18,671	3,919
Purchased services	16,190	20,102	1,352
Supplies and materials	4,122	125	-
Payments to other governmental units	1,750	1,750	-
Total Expenditures	<u>85,655</u>	<u>87,450</u>	<u>16,388</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(15,036)
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance (Deficit), End of Year			<u>\$ (15,036)</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 13, 2014 to August 31, 2014)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT EDUCATION (4340-01)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 77,140	\$ 85,655	\$ 52,415
Total Revenues	<u>77,140</u>	<u>85,655</u>	<u>52,415</u>
Expenditures			
Salaries	46,802	46,802	22,274
Employee benefits	8,276	16,791	7,689
Pension expense	-	-	6,698
Purchased services	19,862	19,862	12,758
Supplies and materials	450	450	1,246
Payments to other governmental units	1,750	1,750	1,750
Total Expenditures	<u>77,140</u>	<u>85,655</u>	<u>52,415</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of March 17, 2015 to August 31, 2015)
EDUCATION FUND ACCOUNTS
TITLE I - MIGRANT INCENTIVE
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,200	\$ 3,200	\$ 1,233
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>1,233</u>
Expenditures			
Purchased services	200	200	-
Supplies and materials	3,000	3,000	1,233
Total Expenditures	<u>3,200</u>	<u>3,200</u>	<u>1,233</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			<u>-</u>
Fund Balance, End of Year			<u>\$ -</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE EDUCATION
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 118,578	\$ 115,910	\$ 113,734
Total Revenues	<u>118,578</u>	<u>115,910</u>	<u>113,734</u>
Expenditures			
Salaries	87,554	85,960	85,960
Employee benefits	7,950	7,604	3,722
Pension expense	-	-	3,737
Purchased services	15,710	15,675	13,655
Supplies and materials	7,364	6,671	6,660
Total Expenditures	<u>118,578</u>	<u>115,910</u>	<u>113,734</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of Year			-
Fund Balance, End of Year			<u>\$ -</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	Bus Driver Training	General Education Development	Institute	Total
Assets				
Cash and cash equivalents	\$ 4,514	\$ -	\$ 91,386	\$ 95,900
Total Assets	<u>4,514</u>	<u>-</u>	<u>91,386</u>	<u>95,900</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,514</u>	<u>\$ -</u>	<u>\$ 91,386</u>	<u>\$ 95,900</u>
Liabilities				
Due to other funds	\$ -	\$ 1,891	\$ -	\$ 1,891
Total Liabilities	<u>-</u>	<u>1,891</u>	<u>-</u>	<u>1,891</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)				
Restricted	4,514	-	91,386	95,900
Unassigned	<u>-</u>	<u>(1,891)</u>	<u>-</u>	<u>(1,891)</u>
Total Fund Balances (Deficits)	<u>4,514</u>	<u>(1,891)</u>	<u>91,386</u>	<u>94,009</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 4,514</u>	<u>\$ -</u>	<u>\$ 91,386</u>	<u>\$ 95,900</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015

	Bus Driver Training	General Education Development	Institute	Total
Revenue				
Local sources	\$ 2,624	\$ 56	\$ 43,657	\$ 46,337
State sources	903	1,172	-	2,075
Total Revenues	<u>3,527</u>	<u>1,228</u>	<u>43,657</u>	<u>48,412</u>
Expenditures				
Instructional services				
Salaries	-	-	2,399	2,399
Employee benefits	-	-	184	184
Purchased services	2,482	189	5,364	8,035
Supplies and materials	584	62	417	1,063
Total Expenditures	<u>3,066</u>	<u>251</u>	<u>8,364</u>	<u>11,681</u>
Net Change in Fund Balances	461	977	35,293	36,731
Fund Balances (Deficits), Beginning of Year	4,053	(2,868)	74,230	75,415
Prior Period Adjustment (See Note 15)	-	-	(18,137)	(18,137)
Fund Balances (Deficits), Beginning of year - Restated	<u>4,053</u>	<u>(2,868)</u>	<u>56,093</u>	<u>57,278</u>
Fund Balances (Deficits), End of Year	<u>\$ 4,514</u>	<u>\$ (1,891)</u>	<u>\$ 91,386</u>	<u>\$ 94,009</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2015**

	Business-type Activities Enterprise Funds		
	School Improvement Plan (SIP)	Fingerprinting	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 47,141	\$ 3,655	\$ 50,796
Due from other governments	10,000	-	10,000
Total current assets	<u>57,141</u>	<u>3,655</u>	<u>60,796</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>550</u>	<u>2,251</u>	<u>2,801</u>
LIABILITIES			
Current Liabilities			
Accounts payable	-	1,421	1,421
Accrued payroll and employee benefits	2,184	-	2,184
Total current liabilities	<u>2,184</u>	<u>1,421</u>	<u>3,605</u>
Noncurrent Liabilities			
Net pension liability	<u>8,073</u>	<u>5,805</u>	<u>13,878</u>
Total Liabilities	<u>10,257</u>	<u>7,226</u>	<u>17,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>2,509</u>	<u>851</u>	<u>3,360</u>
NET POSITION			
Unrestricted	<u>44,925</u>	<u>(2,171)</u>	<u>42,754</u>
Total Net Position	<u>\$ 44,925</u>	<u>\$ (2,171)</u>	<u>\$ 42,754</u>

LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Business-Type Activities		Total
	Enterprise Funds		
	School Improvement Plan (SIP)	Fingerprinting	
Operating Revenues			
Charges for services	\$ 68,342	\$ 13,689	\$ 82,031
Operating Expenses			
Salaries	13,837	13,325	27,162
Employee benefits	1,393	1,020	2,413
Pension expense	127	1,533	1,660
Purchased services	10,575	3,955	14,530
Supplies and materials	61	248	309
Total Operating Expenses	<u>25,993</u>	<u>20,081</u>	<u>46,074</u>
Change in Net Position	<u>42,349</u>	<u>(6,392)</u>	<u>35,957</u>
Net Position, Beginning of Year	13,027	9,039	22,066
Prior Period Adjustment (See Note 17)	<u>(10,451)</u>	<u>(4,818)</u>	<u>(15,269)</u>
Net Position, Beginning of Year - Restated	<u>2,576</u>	<u>4,221</u>	<u>6,797</u>
Net Position, End of Year	<u>\$ 44,925</u>	<u>\$ (2,171)</u>	<u>\$ 42,754</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	Business-type Activities Enterprise Funds		
	School Improvement Plan (SIP)	Fingerprinting	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 58,342	\$ 15,723	\$ 74,065
Payments to suppliers and providers of goods and services	(13,414)	(5,519)	(18,933)
Payments to employees	(13,592)	(16,291)	(29,883)
Net Cash Provided by (Used for) Operating Activities	<u>31,336</u>	<u>(6,087)</u>	<u>25,249</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 31,336	 (6,087)	 25,249
 Cash and Cash Equivalents, Beginning of Year	 <u>15,805</u>	 <u>9,742</u>	 <u>25,547</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 47,141</u>	 <u>\$ 3,655</u>	 <u>\$ 50,796</u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 42,349	\$ (6,392)	\$ 35,957
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Pension expense reconciliation	(419)	(413)	(832)
(Increase) decrease in assets:			
Due from other governments	(10,000)	2,034	(7,966)
Increase (decrease) in liabilities:			
Accounts payable	(2,778)	(1,316)	(4,094)
Accrued payroll and employee benefits	2,184	-	2,184
 Net cash provided by (used for) operating activities	 <u>\$ 31,336</u>	 <u>\$ (6,087)</u>	 <u>\$ 25,249</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015**

	<u>Impact Fees</u>	<u>Petitions Fund</u>	<u>15th Judicial Circuit Family Violence Coordinating Council</u>	<u>15th Judicial Circuit Family Violence Coordinating Council - Arrest Grant</u>	<u>Whiteside ROE</u>	<u>Total</u>
Assets						
Cash and cash equivalents	\$ 8,218	\$ 40	\$ -	\$ -	\$ -	\$ 8,258
Due from other governments	-	-	4,336	-	15,609	19,945
Total Assets	<u>\$ 8,218</u>	<u>\$ 40</u>	<u>\$ 4,336</u>	<u>\$ -</u>	<u>\$ 15,609</u>	<u>\$ 28,203</u>
Liabilities						
Due to other governments	<u>\$ 8,218</u>	<u>\$ 40</u>	<u>\$ 4,336</u>	<u>\$ -</u>	<u>\$ 15,609</u>	<u>\$ 28,203</u>

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Impact Fees</u>				
Assets				
Cash and cash equivalents	\$ 4,630	\$ 20,416	\$ 16,828	\$ 8,218
Liabilities				
Due to other governments	\$ 4,630	\$ 20,416	\$ 16,828	\$ 8,218
<u>Petitions Fund</u>				
Assets				
Cash and cash equivalents	\$ 271	\$ 706	\$ 937	\$ 40
Due from other governments	300	-	300	-
Total Assets	<u>\$ 571</u>	<u>\$ 706</u>	<u>\$ 1,237</u>	<u>\$ 40</u>
Liabilities				
Due to other governments	<u>\$ 571</u>	<u>\$ 706</u>	<u>\$ 1,237</u>	<u>\$ 40</u>
<u>15th Judicial Circuit Family Violence Coordinating Council</u>				
Assets				
Cash and cash equivalents	\$ 1,409	\$ 11,100	\$ 12,509	\$ -
Due from other governments	-	4,336	-	4,336
Total Assets	<u>\$ 1,409</u>	<u>\$ 15,436</u>	<u>\$ 12,509</u>	<u>\$ 4,336</u>
Liabilities				
Due to other governments	<u>\$ 1,409</u>	<u>\$ 15,436</u>	<u>\$ 12,509</u>	<u>\$ 4,336</u>
<u>15th Judicial Circuit Family Violence Coordinating Council - Arrest Grant</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 9,398	\$ 9,398	\$ -
Due from other governments	3,025	-	3,025	-
Total Assets	<u>\$ 3,025</u>	<u>\$ 9,398</u>	<u>\$ 12,423</u>	<u>\$ -</u>
Liabilities				
Due to other governments	<u>\$ 3,025</u>	<u>\$ 9,398</u>	<u>\$ 12,423</u>	<u>\$ -</u>
<u>Whiteside ROE</u>				
Assets				
Cash and cash equivalents	\$ -	351,742	\$ 351,742	\$ -
Due from other governments	-	15,609	-	15,609
Total Assets	<u>\$ -</u>	<u>\$ 367,351</u>	<u>\$ 351,742</u>	<u>\$ 15,609</u>
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 367,351</u>	<u>\$ 351,742</u>	<u>\$ 15,609</u>
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 6,310	\$ 393,362	\$ 391,414	\$ 8,258
Due from other governments	3,325	19,945	3,325	19,945
Total Assets	<u>\$ 9,635</u>	<u>\$ 413,307</u>	<u>\$ 394,739</u>	<u>\$ 28,203</u>
Liabilities				
Due to other governments	<u>\$ 9,635</u>	<u>\$ 413,307</u>	<u>\$ 394,739</u>	<u>\$ 28,203</u>

FEDERAL COMPLIANCE SECTION

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/14 - 6/30/15
U. S. Department of Education			
Rural Education Achievement Program	84.358A	S358A14874	\$ 17,119
Passed Through Illinois State Board of Education			
Migrant Education - State Grant Program			
<i>Title I - Migrant Education</i>	84.011A	15-4340-00	14,393
<i>Title I - Migrant Education</i>	84.011A	15-4340-01	16,388
<i>Title I - Migrant Education</i>	84.011A	14-4340-01	52,415
			<u>83,196</u>
Migrant Education - Coordination Program			
<i>Title I - Migrant Incentive Grant</i>	84.144F	14-4341-00	1,233
Education for Homeless Children and Youth			
<i>McKinney Education for Homeless Children</i>	84.196A	15-4920-00	219,140
<i>McKinney Education for Homeless Children</i>	84.196A	14-4920-00	1,474
			<u>220,614</u>
Special Education - State Personnel Development			
<i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	15-4631-RN	1,082,611
<i>IDEA - Improvement Grants - Part D</i>	(M) 84.323A	14-4631-RN	427,943
			<u>1,510,554</u>
Passed Through Carroll, Jo Daviess, and Stephenson Counties Regional Office of Education #8			
Title I Grants to Local Educational Agencies			
<i>Title I School Improvement and Accountability Part A - SSOS</i>	84.010A	15-4331-SS	70,680
			<u>70,680</u>
Total U. S. Department of Education			<u>1,903,396</u>
U. S. Department of Agriculture			
Passed through Illinois State Board of Education			
Child Nutrition Cluster			
National School Lunch Program			
<i>National School Lunch Program</i>	10.555	15-4210-00	8,077
<i>National School Lunch Program</i>	10.555	14-4210-00	1,732
			<u>9,809</u>
School Breakfast Program			
<i>School Breakfast Program</i>	10.553	15-4220-00	3,016
<i>School Breakfast Program</i>	10.553	14-4220-00	231
			<u>3,247</u>
Total Child Nutrition Cluster			<u>13,056</u>
Total U. S. Department of Agriculture			<u>13,056</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,916,452</u>

(M) Major Program

The accompanying notes are an integral part of this schedule.

**LEE AND OGLE COUNTIES
REGIONAL OFFICE OF EDUCATION #47
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

NOTE 1: REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #47 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #47 provided federal awards to subrecipients as follows:

Program Title: Special Education – State Personnel Development
Federal CFDA #: 84.323A
Amount provided to subrecipients: \$1,050,987

Program Title: Education for Homeless Children and Youth
Federal CFDA #: 84.196A
Amount provided to subrecipients: \$158,432

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM

Special Education – State Personnel Development – IDEA – Improvement Grant – Part D – This program provides a statewide network used to scale up the sustainable implementation of Response to Intervention, an Illinois State Board of Education program which works to improve the learning and performance of all students in grades K-12 by building the capacity of Illinois public school districts and schools to develop, use, and sustain a multi-tiered system of research-based curricula, instruction, intervention, and assessment. The services of the network focus on the delivery of high quality professional development based on adult learning principles and consisting of training, technical assistance, and coaching.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None