

State of Illinois
REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

FINANCIAL AUDIT
(In accordance with the Uniform Guidance)
FOR THE YEAR ENDED JUNE 30, 2016

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

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REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

AGENCY OFFICIALS

For the Year Ended June 30, 2016

Regional Superintendent
(Current and during the audit period)

Ms. Elizabeth Crider Derry

Assistant Regional Superintendent
(During the audit period through 7/31/16)

Ms. Cindy Dollman

Assistant Regional Superintendent
(Current, effective 8/1/16)

Mr. George McKenna

Offices are located at:

Peoria County Regional Office of Education
324 Main Street
Peoria, IL 61602

The PROE Center
10112 West Dubois Road
Edwards, IL 61528

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMPLIANCE REPORT SUMMARY

For the Year Ended June 30, 2016

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

AUDITOR'S REPORT

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

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	2	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	2

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2016-001	13	Salaries and Benefits Not Supported by Proper Documentation	Material Weakness and Noncompliance
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
2016-001	15	Salaries and Benefits Not Supported by Proper Documentation	Material Weakness and Noncompliance
2016-002	16	Required Written Procedures Not Implemented	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

No formal exit conference was held with the management of Peoria County Regional Office of Education #48's management. The findings and recommendations in this report were discussed with management of the Peoria County Regional Office of Education #48 at various informal meetings. Peoria County Regional Office of Education #48's responses to the recommendations and corrective action plans were provided by Jennifer Yoder, Office Manager, in an email dated February 17, 2017.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2016

The audit of the accompanying basic financial statements of the Peoria County Regional Office of Education #48 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Peoria County Regional Office of Education #48's basic financial statements.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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 Peoria County Regional Office of Education #48 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Peoria County Regional Office of Education #48'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 from 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 Peoria County Regional Office of Education #48, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 21a through 21f, and the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund, and Other Post Employment Benefits Schedule of Funding Progress on pages 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peoria County Regional Office of Education #48's 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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017, on our consideration of the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
March 23, 2017

DOEHRING, WINDERS & Co. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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 Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Peoria County Regional Office of Education #48's basic financial statements, and have issued our report thereon dated March 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's internal control. Accordingly, we do not express an opinion on the effectiveness of Peoria County Regional Office of Education #48's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peoria County Regional Office of Education #48's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Peoria County Regional Office of Education #48's Response to Finding

Peoria County Regional Office of Education #48's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Peoria County Regional Office of Education #48's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Peoria County Regional Office of Education #48's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
March 23, 2017

DOEHRING, WINDERS & Co. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Peoria County Regional Office of Education #48's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Peoria County Regional Office of Education #48's major federal program for the year ended June 30, 2016. The Peoria County Regional Office of Education #48's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Peoria County Regional Office of Education #48's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Peoria County Regional Office of Education #48's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Peoria County Regional Office of Education #48's compliance.

Opinion on Each Major Federal Program

In our opinion, the Peoria County Regional Office of Education #48 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

Peoria County Regional Office of Education #48's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Peoria County Regional Office of Education #48's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Peoria County Regional Office of Education #48 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Peoria County Regional Office of Education #48's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over compliance.

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Finding and Questioned Costs as item 2016-001 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002 to be a significant deficiency.

Peoria County Regional Office of Education #48's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Peoria County Regional Office of Education #48's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
March 23, 2017

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes
- Significant deficiency identified? None reported
- Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs

- Material weakness identified? Yes
- Significant deficiency identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.366B	Mathematics and Science Partnerships

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

Auditee qualified as low-risk auditee? No

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section II - Financial Statement Findings

2016-001 Salaries and Benefits Not Supported by Proper Documentation

Federal Program Name: Mathematics and Science Partnerships
Project Numbers: 15-4936-MA, 15-4936-SA, 16-4936-MA, 16-4936-SA
CFDA number: 84.366B
Passed Through: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Criteria/specific requirement

Employees of the Peoria County Regional Office of Education #48 (the Regional Office) are required to document their time and effort working on the Mathematics and Science Partnership programs when only a portion of their work is spent on these programs.

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires charges for salaries and benefits to be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. It also requires that records are used to support the distribution of employees' salary and benefits among specific activities if the employee only works part of the time on a federal award program. It further states that budget estimates alone do not qualify as support for salary and benefit charges to a federal award.

Condition:

The Regional Office did not use time and effort documentation to distribute the salary and benefit costs for two administrative employees who partly worked on Mathematics and Science Partnership activities and partly on other Regional Office activities. One of the two employees completed timesheets, but the timesheets only documented the time spent on Mathematics and Science Partnership activities, and these timesheets were not used in the distribution of salary and benefit costs charged to these programs. The salary and benefits charged to the Mathematics and Science Partnership programs for both of these employees were based on an estimate of time worked on program activities.

Questioned Costs:

\$30,364

Context:

Salary and benefits charged to Mathematics and Science Partnership programs during fiscal year 2016 totaled \$59,425.

Effect:

Since time and effort documentation was not used to allocate the salary and benefit costs of certain employees, there is an increased risk that the salary and benefit costs charged to the Mathematics and Science Partnership programs does not reflect the actual time worked on the programs.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (continued)

2016-001 Salaries and Benefits Not Supported by Proper Documentation (continued)

Cause:

According to Regional Office officials, they were unaware of the time and effort log requirements for administrative personnel.

Recommendation:

The Regional Office should use time and effort documentation to distribute salary and benefit costs for employees who partly work on Mathematics and Science Partnership activities as well as other activities in accordance with the Uniform Guidance.

Management's Response:

The Regional Office of Education #48 has begun using time and effort sheets to document time worked on all federal grants, including the Mathematics and Science Partnership grant.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section III - Federal Award Findings

Instances of Noncompliance

Finding 2016-001-Salaries and Benefits Not Supported by Proper Documentation (finding details on page 13)

Finding 2016-002-Required Written Procedures Not Implemented (finding details on page 16)

Significant Deficiencies

Finding 2016-002-Required Written Procedures Not Implemented (finding details on page 16)

Material Weaknesses

Finding 2016-001-Salaries and Benefits Not Supported by Proper Documentation (finding details on page 13)

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section III - Federal Award Findings (continued)

2016-002 Required Written Procedures Not Implemented

Federal Program Name: Mathematics and Science Partnerships
Project Numbers: 16-4936-MA, 16-4936-SA
CFDA number: 84.366B
Passed Through: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Criteria/specific requirement

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Peoria County Regional Office of Education #48 (the Regional Office) that were issued on or after December 26, 2014. Specifically, the Uniform Guidance (2 CFR 200.302(b)(7)) requires the Regional Office to have written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

Condition:

The Regional Office does not have any written procedures concerning the determination of allowability of costs in accordance with Subpart E—Cost Principles of the Uniform Guidance and the terms and conditions of the federal award. In lieu of written procedures, the Regional Office utilized informal procedures in which each purchase made or cost allocated to the Mathematics and Science Partnerships was reviewed for allowability by the Program Coordinator. The allowability determinations were based on the amounts included in the budgets for the Mathematics and Science Partnerships approved by the Illinois State Board of Education.

Questioned Costs:

N/A

Context:

The Regional Office expended \$831,341 of federal awards in total during fiscal year 2016, including \$490,609 for the Mathematics and Science Partnerships.

Effect:

Not having written procedures concerning the allowability of costs increases the risk that unallowable costs will be allocated to federal award programs.

Cause:

The Regional Office was unable to dedicate the time needed to fully implement the Uniform Guidance due to competing priorities.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section III - Federal Award Findings (continued)

2016-002 Required Written Procedures Not Implemented (continued)

Recommendation:

We recommend the Regional Office implement written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

Management's Response:

The Regional Office of Education #48 is developing a written procedure to determine the allowability of costs in accordance with Subpart E - Cost Principles of the Uniform Guidance.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-001 - Salaries and Benefits Not Supported by Proper Documentation

Condition:

The Regional Office did not use time and effort documentation to distribute the salary and benefit costs for two administrative employees who partly worked on Mathematics and Science Partnership activities and partly on other Regional Office activities. One of the two employees completed timesheets, but the timesheets only documented the time spent on Mathematics and Science Partnership activities, and these timesheets were not used in the distribution of salary and benefit costs charged to these programs. The salary and benefits charged to the Mathematics and Science Partnership programs for both of these employees were based on an estimate of time worked on program activities.

Plan:

The Regional Office of Education #48 is currently using time and effort sheets to document time worked on all grants, including the Mathematics and Science Partnership grant.

Anticipated Date of Completion:

The Regional Office began using the time and effort sheets on July 1, 2016.

Contact Person:

Elizabeth Crider Derry, Regional Superintendent

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-002 - Required Written Procedures Not Implemented

Condition:

The Regional Office does not have any written procedures concerning the determination of allowability of costs in accordance with Subpart E—Cost Principles of the Uniform Guidance and the terms and conditions of the federal award. In lieu of written procedures, the Regional Office utilized informal procedures in which each purchase made or cost allocated to the Mathematics and Science Partnerships was reviewed for allowability by the Program Coordinator. The allowability determinations were based on the amounts included in the budgets for the Mathematics and Science Partnerships approved by the Illinois State Board of Education.

Plan:

The Regional Office of Education #48 is developing a written procedure to determine the allowability of costs in accordance with Subpart E - Cost Principles of the Uniform Guidance.

Anticipated Date of Completion:

April 1, 2017

Contact Person:

Elizabeth Crider Derry, Regional Superintendent

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2016

Finding Number

Condition

Current Status

There were no audit findings reported for the year ended June 30, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

The Peoria County Regional Office of Education #48 (Regional Office of Education #48) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for fiscal year 2016 that ended on June 30, 2016. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #48's financial statements that follow.

2016 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$97,086 from \$1,237,287 in fiscal year 2015 to \$1,334,373 in fiscal year 2016. General Fund expenditures increased by \$118,444 from \$1,237,349 in fiscal year 2015 to \$1,355,793 in fiscal year 2016. The increase in revenue and expense is largely the result of an increase in criminal background checks activity and the new General State Aid Loss Limit grants for Peoria Regional High School and Peoria Public Schools #150.
- Within the Governmental Funds, the revenues reported by the Special Revenue Funds increased by \$210,232 from \$1,199,705 in fiscal year 2015 to \$1,409,937 in fiscal year 2016. The expenditures reported by the Special Revenue Funds increased by \$443,844 from \$1,148,679 in fiscal year 2015 to \$1,592,523 in fiscal year 2016. The Regional Office of Education #48 had its first full year administering the Mathematics and Science Partnerships federal grant programs which increased our overall revenue and expenditures for fiscal year 2016.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office of Education #48's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education #48 as a whole and present an overall view of the Regional Office of Education #48's finances.
- Fund financial statements report the Regional Office of Education #48's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the nonmajor funds.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Reporting the Regional Office as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #48 as a whole. The Statement of Net Position includes all of the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Regional Office of Education #48's net position and how it has changed. Net position (the difference between the assets plus deferred outflows and liabilities plus deferred inflows) are one way to measure the Regional Office of Education #48's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #48's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the Regional Office of Education #48's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Regional Office of Education #48's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #48 established other funds to control and manage money for particular purposes.

The Regional Office of Education #48 has three kinds of funds:

- Governmental funds account for all of the Regional Office of Education #48's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Regional Office of Education #48's Governmental Funds include: the General Fund, Education Fund and other non-major special revenue funds.

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

- Fiduciary funds are used to account for assets held by the Regional Office of Education #48 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Reporting the Regional Office as a Whole (continued)

The Statement of Net Position and the Statement of Activities (continued)

- Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE's enterprise funds include the following: Learning Technology Center Technical Training and Support, Illinois Virtual School Fund, and Local Workshops Fund.

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

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

Office-wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office of Education #48. The net position at the end of fiscal year 2016 totaled \$1,787,110. At the end of fiscal year 2015, the net position was \$1,453,617. The analysis that follows provides a summary of the Regional Office of Education #48's net position as of June 30, 2016 and June 30, 2015, for the governmental and business-type activities.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 401,358	\$ 544,219	\$ 3,879,516	\$ 3,472,421	\$ 4,280,874	\$ 4,016,640
Capital assets	31,199	48,564	28,325	30,248	59,524	78,812
Total assets	432,557	592,783	3,907,841	3,502,669	4,340,398	4,095,452
Deferred outflows	372,278	186,582	-	-	372,278	186,582
Current liabilities	124,936	112,186	634,931	458,100	759,867	570,286
Noncurrent liabilities	996,275	827,178	6,546	10,070	1,002,821	837,248
Total liabilities	1,121,211	939,364	641,477	468,170	1,762,688	1,407,534
Deferred inflows	1,162,878	1,420,883	-	-	1,162,878	1,420,883
Net position:						
Invested in capital assets, net of related debt	31,199	48,564	18,257	16,828	49,456	65,392
Unrestricted	(1,686,079)	(1,821,356)	3,248,107	3,017,671	1,562,028	1,196,315
Restricted for educational purposes	175,626	191,910	-	-	175,626	191,910
Total net position	\$ (1,479,254)	\$ (1,580,882)	\$ 3,266,364	\$ 3,034,499	\$ 1,787,110	\$ 1,453,617

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Office-wide Financial Analysis (continued)

The Regional Office of Education #48's net position increased by \$333,493 from \$1,453,617 in fiscal year 2015 to \$1,787,110 in fiscal year 2016. Net position increased due to a decrease in payroll expenses for the Local Workshops Fund along with an increase in revenue for that same fund. Another reason for the increase is the change in pension balances from the previous fiscal year. The change in deferred inflows and outflows resulted in additional income for fiscal year 2016.

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 2,534,609	\$ 2,290,426	\$ 2,534,609	\$ 2,290,426
Operating grants and contributions	1,466,230	1,098,814	-	-	1,466,230	1,098,814
General revenues:					-	
Local sources	279,438	257,895	-	-	279,438	257,895
State sources	588,709	535,920	-	-	588,709	535,920
Investment earnings	202	28	1,761	195	1,963	223
On-behalf payments	1,436,789	1,238,014	-	-	1,436,789	1,238,014
Loss on disposal of capital assets	(286)	(1,288)	-	(5,085)	(286)	(6,373)
Transfers	(90,645)	(53,370)	90,645	53,370	-	-
Total revenues	<u>3,680,437</u>	<u>3,076,013</u>	<u>2,627,015</u>	<u>2,338,906</u>	<u>6,307,452</u>	<u>5,414,919</u>
Expenses:						
Program expenses:						
Salaries and benefits	988,141	989,530	1,718,111	1,560,248	2,706,252	2,549,778
Purchased services	672,779	414,838	580,685	590,007	1,253,464	1,004,845
Supplies and materials	156,905	96,515	14,411	26,999	171,316	123,514
Payments to other governments	501,388	284,264	1,081	149	502,469	284,413
Depreciation expense	17,079	25,874	9,012	12,337	26,091	38,211
Other objects	20,372	22,080	235	304	20,607	22,384
Bad debt expense	-	-	10,201	-	10,201	-
Interest expense	-	-	596	697	596	697
Pension expense	(214,644)	(249,834)	60,818	64,124	(153,826)	(185,710)
Administrative expenses:					-	
On-behalf payments - local	252,185	258,686	-	-	252,185	258,686
On-behalf payments - state	1,184,604	979,328	-	-	1,184,604	979,328
Total expenses	<u>3,578,809</u>	<u>2,821,281</u>	<u>2,395,150</u>	<u>2,254,865</u>	<u>5,973,959</u>	<u>5,076,146</u>
Change in net position	101,628	254,732	231,865	84,041	333,493	338,773
Net position - beginning (Restated for 2015 only)	<u>(1,580,882)</u>	<u>(1,835,614)</u>	<u>3,034,499</u>	<u>2,950,458</u>	<u>1,453,617</u>	<u>1,114,844</u>
Net position - ending	<u>\$ (1,479,254)</u>	<u>\$ (1,580,882)</u>	<u>\$ 3,266,364</u>	<u>\$ 3,034,499</u>	<u>\$ 1,787,110</u>	<u>\$ 1,453,617</u>

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Governmental Activities

Revenues for governmental activities were \$3,680,437 and expenses were \$3,578,809 for the year ended June 30, 2016. Revenues for governmental activities were \$3,076,013 and expenses were \$2,821,281 for the year ended June 30, 2015. The increase in revenues and expenditures is due to an increase in on-behalf payments from the State as well as the Mathematics and Science Partnerships federal grant program which was received late in fiscal year 2015 and was in effect for the entire 2016 fiscal year.

Business-type Activities

Revenues for business-type activities were \$2,627,015 and expenses were \$2,395,150 for the year ended June 30, 2016. Revenues for business-type activities were \$2,338,906 and expenses were \$2,254,865 for the year ended June 30, 2015. The increase in expenditures is a result of the increase in Illinois Virtual School salaries and benefits due to an increase in student enrollment. Revenue also increased correspondingly as tuition fee per enrollment increased in April of fiscal year 2016.

Financial Analysis of the Peoria County Regional Office of Education #48 Funds

As previously noted, the Regional Office of Education #48 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #48's Governmental Funds reported combined fund balances of \$137,382 at June 30, 2016 compared to fiscal year 2015 ending fund balance of \$432,033.

Budgetary Highlights

The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Peoria County Board for their approval. The Office Operations Budget covers a fiscal year that runs from January 1 to December 31. Additionally, the Regional Office of Education #48 prepares budgets for each grant administered. These budgets are submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office of Education #48's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital assets of the Regional Office of Education #48 include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education #48 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2016, Regional Office of Education #48 purchased assets totaling \$7,089 and disposed of assets totaling \$80,631, resulting in ending capital assets of \$161,247. In addition, the Regional Office of Education #48 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #48 was aware of the following circumstances that could affect its financial health in the future:

- The Regional Office of Education #48 will continue in fiscal year 2017 as the primary administrator and fiscal agent for the \$1.2 million Illinois Virtual School project for the entire State of Illinois, including Chicago. Due to the budget crisis the State of Illinois is currently in, the Regional Office of Education #48 has not received \$950,000 of the \$1.2 million budgeted for FY16 Illinois Virtual School for use in fiscal year 2016. Illinois Virtual School has made adjustments to tuition fees and reduced expenditures to compensate for the loss of State revenues. The Regional Office of Education expects to fully collect the \$950,000, and no allowance has been recorded or is considered necessary.
- The Regional Office of Education #48 had a decrease of \$52,810 in their County budget as part of a county-wide reduction for calendar year 2017.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office of Education #48's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Peoria County Regional Office of Education #48 at 324 Main St., Room 401, Peoria, IL 61602.

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 309,308	\$ 1,840,890	\$ 2,150,198
Due (to) from other funds	(370,827)	370,827	-
Due from other governments	449,089	1,593,602	2,042,691
Prepaid expenses	13,788	74,197	87,985
Total Current Assets	401,358	3,879,516	4,280,874
Noncurrent Assets:			
Capital assets, net of depreciation	31,199	28,325	59,524
Total Noncurrent Assets	31,199	28,325	59,524
Total Assets	432,557	3,907,841	4,340,398
Deferred Outflows of Resources			
Deferred outflows related to pensions	372,278	-	372,278
Liabilities			
Current Liabilities:			
Accounts payable	42,447	100,988	143,435
Lease payable	-	3,522	3,522
Accrued payroll liabilities	6,519	175,624	182,143
Due to other governments	44,567	-	44,567
Unearned revenue	31,403	354,797	386,200
Total Current Liabilities	124,936	634,931	759,867
Noncurrent Liabilities:			
Lease payable	-	6,546	6,546
OPEB liability	14,094	-	14,094
Net pension liability	982,181	-	982,181
Total Noncurrent Liabilities	996,275	6,546	1,002,821
Total Liabilities	1,121,211	641,477	1,762,688
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,162,878	-	1,162,878
Net Position			
Invested in capital assets, net of related debt	31,199	18,257	49,456
Restricted for educational purposes	175,626	-	175,626
Unrestricted	(1,686,079)	3,248,107	1,562,028
Total Net Position	\$ (1,479,254)	\$ 3,266,364	\$ 1,787,110

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Instructional Services:							
Salaries and benefits	\$ 988,141	\$ -	\$ 600,216	\$ -	\$ (387,925)	\$ -	\$ (387,925)
Purchased services	672,779	-	411,168	-	(261,611)	-	(261,611)
Supplies and materials	156,905	-	95,892	-	(61,013)	-	(61,013)
Other objects	20,372	-	12,420	-	(7,952)	-	(7,952)
Payments to other governments	501,388	-	306,422	-	(194,966)	-	(194,966)
Depreciation	17,079	-	-	-	(17,079)	-	(17,079)
Pension expense	(214,644)	-	40,112	-	254,756	-	254,756
Administrative:							
On-behalf payments - local	252,185	-	-	-	(252,185)	-	(252,185)
On-behalf payments - state	1,184,604	-	-	-	(1,184,604)	-	(1,184,604)
Total governmental activities	<u>3,578,809</u>	<u>-</u>	<u>1,466,230</u>	<u>-</u>	<u>(2,112,579)</u>	<u>-</u>	<u>(2,112,579)</u>
Business-Type Activities:							
Registration fees	62,023	164,993	-	-	-	102,970	102,970
Local revenues	15,960	32,884	-	-	-	16,924	16,924
Tuition and subscriptions	2,317,167	2,336,732	-	-	-	19,565	19,565
Total business-type activities	<u>2,395,150</u>	<u>2,534,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,459</u>	<u>139,459</u>
Total primary government	<u>\$ 5,973,959</u>	<u>\$ 2,534,609</u>	<u>\$ 1,466,230</u>	<u>\$ -</u>	<u>(2,112,579)</u>	<u>139,459</u>	<u>(1,973,120)</u>
General Revenues:							
Local sources					279,438	-	279,438
State sources					588,709	-	588,709
On-behalf payments - local					252,185	-	252,185
On-behalf payments - state					1,184,604	-	1,184,604
Loss on disposal of capital assets					(286)	-	(286)
Investment earnings					202	1,761	1,963
Transfers:					(90,645)	90,645	-
Total general revenues and transfers					<u>2,214,207</u>	<u>92,406</u>	<u>2,306,613</u>
Change in net position					101,628	231,865	333,493
Net position - beginning					(1,580,882)	3,034,499	1,453,617
Net position - ending					<u>\$ (1,479,254)</u>	<u>\$ 3,266,364</u>	<u>\$ 1,787,110</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 79,359	\$ 56,610	\$ 173,339	\$ -	\$ 309,308
Due from other funds	42,266	-	-	(42,266)	-
Due from other governments	21,263	425,539	2,287	-	449,089
Prepaid expenses	8,803	4,985	-	-	13,788
Total assets	<u>\$ 151,691</u>	<u>\$ 487,134</u>	<u>\$ 175,626</u>	<u>\$ (42,266)</u>	<u>\$ 772,185</u>
Liabilities:					
Accounts payable	\$ 31,276	\$ 11,171	\$ -	\$ -	\$ 42,447
Accrued payroll and employee benefits	686	5,833	-	-	6,519
Due to other funds	15,083	398,010	-	(42,266)	370,827
Due to other governments	-	44,567	-	-	44,567
Unearned revenue	3,850	27,553	-	-	31,403
Total liabilities	<u>50,895</u>	<u>487,134</u>	<u>-</u>	<u>(42,266)</u>	<u>495,763</u>
Deferred inflows of resources					
Unavailable revenue	-	139,040	-	-	139,040
Fund balance (deficit):					
Nonspendable	8,803	4,985	-	-	13,788
Restricted	-	-	175,626	-	175,626
Assigned	65,322	-	-	-	65,322
Unassigned	26,671	(144,025)	-	-	(117,354)
Total fund balance (deficit)	<u>100,796</u>	<u>(139,040)</u>	<u>175,626</u>	<u>-</u>	<u>137,382</u>
Total liabilities and fund balance (deficit)	<u>\$ 151,691</u>	<u>\$ 487,134</u>	<u>\$ 175,626</u>	<u>\$ (42,266)</u>	<u>\$ 772,185</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2016

Total fund balances - governmental funds		\$ 137,382
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred inflows in the governmental funds.		139,040
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		31,199
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:		
IMRF deferred outflows of resources	\$ 155,494	
IMRF deferred inflows of resources	(3,519)	
TRS deferred outflows of resources	216,784	
TRS deferred inflows of resources	<u>(1,159,359)</u>	(790,600)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Other post-employment benefits (OPEB) liability	\$ (14,094)	
IMRF net pension liability	(179,606)	
TRS net pension liability	<u>(802,575)</u>	<u>(996,275)</u>
Net position of governmental activities		<u><u>\$ (1,479,254)</u></u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Revenues:					
Local sources	\$ 198,189	\$ -	\$ 81,249	\$ -	\$ 279,438
State sources	587,263	506,518	1,446	-	1,095,227
Federal sources		820,672	-	-	820,672
On-behalf payments - local	252,185	-	-	-	252,185
On-behalf payments - state	296,586	-	-	-	296,586
Interest income	150	17	35	-	202
Total revenues	<u>1,334,373</u>	<u>1,327,207</u>	<u>82,730</u>	<u>-</u>	<u>2,744,310</u>
Expenditures:					
Instructional services					
Salaries and benefits	351,227	632,240	-	-	983,467
Purchased services	224,475	353,348	94,956	-	672,779
Supplies and materials	18,200	136,697	2,008	-	156,905
Other objects	18,322	-	2,050	-	20,372
Payments to other governments	193,566	307,822	-	-	501,388
On-behalf payments - local	252,185	-	-	-	252,185
On-behalf payments - state	296,586	-	-	-	296,586
Pension expense	1,232	63,402	-	-	64,634
Capital Outlay	-	-	-	-	-
Total expenditures	<u>1,355,793</u>	<u>1,493,509</u>	<u>99,014</u>	<u>-</u>	<u>2,948,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,420)</u>	<u>(166,302)</u>	<u>(16,284)</u>	<u>-</u>	<u>(204,006)</u>
Other financing sources (uses):					
Transfers in	65,247	27,262	-	(92,509)	-
Transfers out	(183,154)	-	-	92,509	(90,645)
Total other financing sources (uses)	<u>(117,907)</u>	<u>27,262</u>	<u>-</u>	<u>-</u>	<u>(90,645)</u>
Net change in fund balances	(139,327)	(139,040)	(16,284)	-	(294,651)
Fund balances (deficit) - beginning	240,123	-	191,910	-	432,033
Fund balances (deficit) - ending	<u>\$ 100,796</u>	<u>\$ (139,040)</u>	<u>\$ 175,626</u>	<u>\$ -</u>	<u>\$ 137,382</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

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, 2016

Net change in fund balances		\$ (294,651)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred inflows in the governmental funds.</p>		
Current year unavailable revenue		
Federal Sources		139,040
<p>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.</p>		
Depreciation	\$ (17,079)	
Loss on disposal of capital assets	<u>(286)</u>	(17,365)
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Annual OPEB cost	\$ (4,674)	
Net pension expense	<u>279,278</u>	<u>274,604</u>
Change in net position of governmental activities		<u><u>\$ 101,628</u></u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	Business-type Activities Proprietary Funds			Eliminations	Total
	Illinois Virtual School	Local Workshops	Nonmajor Learning Technology Center Technical Training and Support		
Assets					
Currents assets					
Cash and cash equivalents	\$ 1,566,725	\$ 139,388	\$ 134,777	\$ -	\$ 1,840,890
Due from other funds	-	242,456	128,371	-	370,827
Due from other governments	1,584,965	8,137	500	-	1,593,602
Prepaid expenses	60,104	9,635	4,458	-	74,197
Total current assets	3,211,794	399,616	268,106	-	3,879,516
Noncurrent assets					
Capital assets, net of depreciation	10,073	18,252	-	-	28,325
Total assets	3,221,867	417,868	268,106	-	3,907,841
Liabilities					
Current liabilities					
Accounts payable	90,508	10,480	-	-	100,988
Lease payable	-	3,522	-	-	3,522
Accrued payroll liabilities	175,624	-	-	-	175,624
Unearned revenue	348,464	6,333	-	-	354,797
Total current liabilities	614,596	20,335	-	-	634,931
Noncurrent liabilities					
Lease payable	-	6,546	-	-	6,546
Total liabilities	614,596	26,881	-	-	641,477
Net position					
Invested in capital assets, net of related debt	10,073	8,184	-	-	18,257
Unrestricted	2,597,198	382,803	268,106	-	3,248,107
Total net position	\$ 2,607,271	\$ 390,987	\$ 268,106	\$ -	\$ 3,266,364

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

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

For the Year Ended June 30, 2016

	Business-type Activities Proprietary Funds			Eliminations	Total
	Illinois Virtual School	Local Workshops	Nonmajor Learning Technology Center Technical Training and Support		
Operating revenues					
Registration fees	\$ -	\$ 164,993	\$ -	\$ -	\$ 164,993
Charges for services	-	-	32,884	-	32,884
Tuition and subscriptions	2,336,732	-	-	-	2,336,732
Total operating revenues	<u>2,336,732</u>	<u>164,993</u>	<u>32,884</u>	<u>-</u>	<u>2,534,609</u>
Operating expenses					
Salaries and benefits	1,718,090	21	-	-	1,718,111
Purchased services	513,636	51,191	15,858	-	580,685
Supplies and materials	14,350	61	-	-	14,411
Payments to other governments	-	1,081	-	-	1,081
Other objects	5	128	102	-	235
Pension expense	60,818	-	-	-	60,818
Bad debt expense	6,713	3,488	-	-	10,201
Depreciation	3,555	5,457	-	-	9,012
Total operating expenses	<u>2,317,167</u>	<u>61,427</u>	<u>15,960</u>	<u>-</u>	<u>2,394,554</u>
Operating income	<u>19,565</u>	<u>103,566</u>	<u>16,924</u>	<u>-</u>	<u>140,055</u>
Nonoperating revenue (expense)					
Interest income	1,481	147	133	-	1,761
Interest expense	-	(596)	-	-	(596)
Total nonoperating revenue (expense)	<u>1,481</u>	<u>(449)</u>	<u>133</u>	<u>-</u>	<u>1,165</u>
Income before transfers	<u>21,046</u>	<u>103,117</u>	<u>17,057</u>	<u>-</u>	<u>141,220</u>
Transfers in	-	94,318	-	(3,673)	90,645
Transfers out	-	(3,673)	-	3,673	-
Total transfers	<u>-</u>	<u>90,645</u>	<u>-</u>	<u>-</u>	<u>90,645</u>
Change in net position	<u>21,046</u>	<u>193,762</u>	<u>17,057</u>	<u>-</u>	<u>231,865</u>
Net position - beginning	<u>2,586,225</u>	<u>197,225</u>	<u>251,049</u>	<u>-</u>	<u>3,034,499</u>
Net position - ending	<u>\$ 2,607,271</u>	<u>\$ 390,987</u>	<u>\$ 268,106</u>	<u>\$ -</u>	<u>\$ 3,266,364</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Business-type Activities Proprietary Funds			Total
	Illinois Virtual School	Local Workshops	Nonmajor Learning Technology Center Technical Training and Support	
Cash flows from operating activities				
Receipts from customers	\$ 1,248,683	\$ 195,320	\$ 35,211	\$ 1,479,214
Payments to suppliers and providers of goods and services	(512,028)	(49,635)	(10,038)	(571,701)
Payments to employees	(1,726,624)	(257)	-	(1,726,881)
Net cash provided by (used for) operating activities	<u>(989,969)</u>	<u>145,428</u>	<u>25,173</u>	<u>(819,368)</u>
Cash flows from noncapital financing activities				
Cash payments to other funds	-	(184,597)	(128,371)	(312,968)
Cash payments from other funds	-	94,318	-	94,318
Net cash (used for) noncapital financing activities	<u>-</u>	<u>(90,279)</u>	<u>(128,371)</u>	<u>(218,650)</u>
Cash flows from capital and related financing activities				
Principal paid on lease obligations	-	(3,352)	-	(3,352)
Interest paid on lease obligations	-	(596)	-	(596)
Purchase of equipment	(3,297)	(3,792)	-	(7,089)
Net cash (used for) capital and related financing activities	<u>(3,297)</u>	<u>(7,740)</u>	<u>-</u>	<u>(11,037)</u>
Cash flows from investing activities				
Interest earned from investments	1,481	147	133	1,761
Net cash provided by investing activities	<u>1,481</u>	<u>147</u>	<u>133</u>	<u>1,761</u>
Net increase (decrease) in cash and cash equivalents	(991,785)	47,556	(103,065)	(1,047,294)
Cash and cash equivalents - beginning	2,558,510	91,832	237,842	2,888,184
Cash and cash equivalents - ending	<u>\$ 1,566,725</u>	<u>\$ 139,388</u>	<u>\$ 134,777</u>	<u>\$ 1,840,890</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating Income	\$ 19,565	\$ 103,566	\$ 16,924	\$ 140,055
Adjustments to reconcile operating income to net cash (used for) provided by operating activities:				
Depreciation	3,555	5,457	-	9,012
(Increase)/decrease in assets:				
Prepaid expenses	(28,123)	(6,355)	5,922	(28,556)
Due from other governments	(1,151,760)	32,895	2,327	(1,116,538)
Increase/(decrease) in liabilities				
Accrued payroll	52,284	(236)	-	52,048
Accounts payable	44,086	9,181	-	53,267
Unearned revenue	70,424	920	-	71,344
Net cash provided by (used for) operating activities	<u>\$ (989,969)</u>	<u>\$ 145,428</u>	<u>\$ 25,173</u>	<u>\$ (819,368)</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 5,857
Due from other governments	<u>1,441,082</u>
Total Assets	<u>\$ 1,446,939</u>
Liabilities	
Due to other governments	<u>\$ 1,446,939</u>
Total Liabilities	<u>\$ 1,446,939</u>

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Peoria County Regional Office of Education #48 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #48 is presented to assist in understanding the Regional Office of Education #48's financial statements. The financial statements and notes are representations of the Regional Office of Education #48's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office of Education #48 operates under the School Code (Articles 5/3 and 5/3A of Illinois Compiled Statutes, Chapter 105). The Regional Office of Education #48 encompasses Peoria County. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #48 and is elected pursuant to Article 3, Illinois Compiled Statutes, Chapter 105.

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #48'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.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education #48, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the period ended June 30, 2016, the Regional Office of Education #48 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 #48. Such activities are reported as a single special revenue fund (Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #48 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #48 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #48, 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 #48 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #48 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #48 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #48 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2016, the Regional Office of Education #48 implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Regional Office of Education #48 implemented these standards during the current year. The implementation of GASB Statement No. 73 improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 76, reduced the GAAP hierarchy to two categories of authoritative GAAP and addressed the uses of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 72, *Fair Value Measurement and Application*, also became effective for the current year, but this statement had no impact on the Regional Office of Education #48's financial statements.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 #48'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 #48 has three business-type activities; Local Workshops, Learning Technology Center Technical Training and Support, and the Illinois Virtual School. The Local Workshop Fund accounts for fees charged for various workshops and conferences that provide staff development for educators in central and west central Illinois. The Learning Technology Center Technical Training and Support fund accounts for monies received to provide training and professional development to area educators. The Illinois Virtual School Fund accounts for tuition and subscription costs charged to schools and the Illinois State Board of Education for use of the Illinois Virtual School (IVS).

The Regional Office of Education #48'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 #48 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #48's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and as transfers in and out on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position.

All interfund transactions between governmental funds and between business-type funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources 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.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenues received after the Regional Office of Education #48's availability period are reported as unavailable revenue in the fund statements and are reported as current revenue in the Statement of Activities.

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.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #48; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #48 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #48's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education #48's policy to first apply restricted funds, then unrestricted. For unrestricted fund balances, committed funds are used first, then assigned funds, then unassigned if any.

FUND ACCOUNTING

The Regional Office of Education #48 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 #48 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 and deferred outflows of resources, liabilities and 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 and deferred outflows of resources, liabilities and 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 #48 has presented all major funds that met the above qualifications.

The Regional Office of Education #48 reports the following major governmental funds:

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

ROE Local Fund - To account for local monies received that are not assigned to or need to be reported in another fund and to account for on-behalf support provided to the Regional Office of Education #48 from Peoria County and the State of Illinois.

General State Aid - To account for monies passed through to Peoria County School District 150.

Jail Library - To account for local monies received to provide a librarian at the Peoria County Jail.

Lincoln Senior Award - To account for local monies received to provide Abraham Lincoln Awards to sixteen high school students.

Office of Prevention - To account for monies used to create a "library" of substance abuse and violence prevention materials which directs a 40 percent portion of Title IV grants from 15 Peoria County school districts to Peoria County Sheriff for use in the D.A.R.E. program.

Hospital Tutoring - State laws require that hospitalized students receive tutoring. To account for the related transactions, including the receipt of the bills from the hospitals, billing the appropriate schools, receiving payment from the schools, and remitting payments to the hospitals.

Food Co-op - To account for the Regional Office of Education #48's administration of food programs for the schools participating in the co-op.

Title II Co-op - To account for monies spent to enhance math and science instruction within participating schools.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Peoria Regional High School - Truants - To account for monies received for the operation of the Peoria County Regional High School.

Peoria Regional High School - General State Aid - To account for monies received from Regional Office of Education #53 for the operation of the Peoria County Regional High School.

Peoria Regional High School - To account for local monies received for the operation of the Peoria County Regional High School.

Upward Generated - To account for local monies received to promote adult literacy.

Criminal Background Checks - To account for local monies received for performing background check services.

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

Major special revenue funds include the following:

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

Adult Education Federal Basic - To account for State and federal monies received for educational programs for incarcerated persons.

Communities for Youth Truants Alternative - To account for monies received for programs leading to a high school diploma for students with truancy problems.

McKinney-Vento Education for Homeless Children and Youth - To account for monies received to provide information to schools, community members and government entities about the educational rights of homeless students.

Learning Technology Center General Operations - To account for monies received to provide a technology support system for area school districts.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

ROE/ISC Operations - To account for the administration of the PROE (Peoria Regional Office of Education) Center, which provides staff training and development and school improvement services.

Foundational Services - To account for Title I - School Improvement and Accountability monies received from Regional Office of Education #51 (federal dollars) used for providing professional development to teachers to build their foundational knowledge.

Special Education - IDEA Part D - To account for monies received from the State (federal dollars) for expenditures incurred to combine professional development in response to intervention, standards aligned classroom, and reading literacy to improve intervention with children.

Preschool for All Children - To account for monies from the State for expenditures incurred to make voluntary preschool available to all 3 and 4 year olds in an effort to help those children prepare for kindergarten and their school career.

Pilot Regional Safe School Cooperative Education Program - This program is used to account for grant monies received for, and payment of expenditures related to providing suspended or expelled youth at the Regional Safe School with alternative cooperative education including classroom work and experience in the private sector.

Regional Safe Schools - To account for monies passed through to Peoria County School District 150.

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

Mathematics and Science Partnerships - SA – This program accounts for monies received for and in payment of expenditures for a Science Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Science.

Mathematics and Science Partnerships - MA – This program accounts for monies received for and in payment of expenditures for a Math Area Partnership to help teachers and students across central Illinois meet the expectations of the New Illinois Learning Standards for Math.

The Regional Office of Education #48 reports the following nonmajor special revenue funds:

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

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Local Foundation - To account for local monies received through fund raising activities that are to be used to support Peoria Regional High School activities.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #48 on a cost reimbursement basis are reported. 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.

Major proprietary funds

Illinois Virtual School Fund - This fund was created in 2009 as a result of the Peoria County Regional Office of Education #48's contract award from the Illinois State Board of Education. This fund accounts for income received through course fees from school districts, parents of students taking grades 5-12 online courses, and educators enrolled in professional development courses, in addition to funding received through the contract with the Illinois State Board of Education. The mission of the Illinois Virtual School is to expand educational opportunities for students and educators in Illinois.

Local Workshops Fund - This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

Nonmajor proprietary fund

Learning Technology Center Technical Training and Support - To account for monies received to provide training and professional development to area educators.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the Regional Office of Education #48 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Regional Board of Trustees - To account for the proceeds and related costs from the sale of school properties within the Regional Office of Education #48.

Central Illinois Science Education (C.I.S.E.) - To account for the receipts and disbursements of the C.I.S.E. This account is maintained for the convenience of the C.I.S.E.

Peoria Educational Region for Employment and Career Training (PERFECT) - To account for the pass-through of monies from the Illinois State Board of Education to agencies to conduct career and technical education improvement programs.

Special Education Association of Peoria County (SEAPCO) - To account for the pass-through of monies from the Illinois State Board of Education to agencies to conduct Special Education instruction in Peoria County.

Illinois Virtual School (IVS) Scholarship Fund - To account for scholarship monies from the LUDA Education Foundation to provide scholarships to students.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a Governmental Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Regional Office of Education #48 considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Regional Office of Education #48 considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Regional Superintendent has provided otherwise in its commitment or assignment actions.

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 fund balance that are not available to be spent, either short term or long term, in either form or through legal restrictions. Amounts representing prepaid expenses have been classified as nonspendable funds. The following accounts comprise nonspendable fund balance: ROE Local Fund, Peoria Regional High School General State Aid, Peoria Regional High School, Criminal Background Checks, Special Education - IDEA Part D, Preschool for All Children, Mathematics and Science Partnerships - SA, and Mathematics and Science Partnerships - MA.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Bus Driver Training, General Education Development, Institute, and Supervisory. The following fund balances are restricted by contributors: Local Foundation.

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

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Jail Library, Office of Prevention, Peoria Regional High School General State Aid, and Peoria Regional High School.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: ROE Local Fund, Hospital Tutoring, Criminal Background Checks, Learning Technology Center General Operations, Special Education - IDEA Part D, Preschool for All Children, Mathematics and Science Partnerships - SA, and Mathematics and Science Partnerships - MA.

NET POSITION

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

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #48 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORY

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

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

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

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflow 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.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

USE OF ESTIMATES

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

BUDGET DATA

The Regional Office of Education #48 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Adult Education Federal Basic, Communities for Youth Truants Alternative, McKinney-Vento Education for Homeless Children and Youth, Learning Technology Center General Operations, ROE/ISC Operations, Foundational Services, Special Education - IDEA Part D, Preschool for All Children, Pilot Regional Safe School Cooperative Education Program, Regional Safe Schools, Title II - Teacher Quality - Leadership Grant, Mathematics and Science Partnerships - SA, and Mathematics and Science Partnerships - MA.

2 DEPOSITS AND INVESTMENTS

The Illinois Compiled Statutes authorize the Regional Office of Education #48 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

DEPOSITS

At June 30, 2016, the carrying amount of the Regional Office of Education #48's government-wide and Agency fund deposits were \$144,002 and \$5,857, respectively, and the bank balances were \$238,473 and \$5,857, respectively. These amounts were fully secured by federal depository insurance. The remaining cash and cash equivalents consisted of money market mutual funds in the amount of \$2,006,196. Additional detail is presented on these money market mutual funds below.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

2 DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

The Regional Office of Education #48 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. At June 30, 2016, the Regional Office of Education #48 had investments with a carrying value of \$24,259 in the Illinois Funds and \$1,981,937 in the Illinois School District Liquid Asset Fund Plus.

CREDIT RISK

At June 30, 2016, the Illinois Funds and the Illinois School District Liquid Asset Fund Plus (ISDLAF+) both had a Standard and Poor's AAAM rating. Both of these pools are audited annually by an outside independent auditor and copies of the report are distributed to participants. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. Although not subject to direct regulatory oversight, the Illinois Funds is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act. All investments are fully collateralized.

INTEREST RATE RISK

The Illinois Funds and the Illinois School District Liquid Asset Fund Plus enable custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity. The investment policy of the Illinois School District Liquid Asset Fund Plus limits the average dollar-weighted portfolio maturity to sixty days or less and states that money market instruments must have a maximum remaining maturity of one year except for U.S. government obligations which may have remaining maturities up to two years.

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. The Illinois School District Liquid Asset Fund Plus's investment policy specifically limits the amount of investments in commercial paper to 33 1/3% of the fund's assets. The fund is managed to comply with specific requirements of the Illinois law, particularly the Public Funds Investment Act and other applicable to the investment of participant's funds.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Regional Office of Education #48'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 #48's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

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

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

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2015, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	5
Inactive Plan Members entitled to but not yet receiving benefits	11
Active Plan Members	<u>10</u>
Total	<u><u>26</u></u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education #48'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 #48's annual contribution rate for calendar year 2015 was 9.22%. For the calendar year ended December 31, 2015, the Regional Office of Education #48 contributed \$35,166 to the plan. The Regional Office of Education #48 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 (ASSET)

The Regional Office of Education #48's net pension liability was measured as of December 31, 2015. 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, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

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 3.57%, and the resulting single discount rate is 7.50%.

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2014	\$ 804,014	\$ 655,023	\$ 148,991
Changes for the year:			
Service Cost	38,901	-	38,901
Interest on the Total Pension Liability	60,525	-	60,525
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(4,610)	-	(4,610)
Changes of Assumptions	-	-	-
Contributions - Employer	-	35,166	(35,166)
Contributions - Employees	-	17,163	(17,163)
Net Investment Income	-	13,816	(13,816)
Benefit Payments, including Refunds of Employee Contributions	(32,926)	(32,926)	-
Other (Net Transfer)	-	(1,944)	1,944
Net Changes	61,890	31,275	30,615
Balances at December 31, 2015	\$ 865,904	\$ 686,298	\$ 179,606

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$ 318,029	\$ 179,606	\$ 69,262

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2016, the Regional Office of Education #48 recognized pension expense of \$80,943. At June 30, 2016, the Regional Office of Education #48 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ 68,693	\$ 3,519
Changes of assumptions	15,566	-
Net difference between projected and actual earnings on pension plan investments	39,371	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	123,630	3,519
<i>Pension contributions made subsequent to the measurement date</i>		
	31,864	-
Total Deferred Amounts Related to Pensions	\$ 155,494	\$ 3,519

\$31,864 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 ending June 30, 2017.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

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
2016	\$ 46,772
2017	46,772
2018	16,364
2019	10,203
Thereafter	-
Total	<u>\$ 120,111</u>

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #48 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

BENEFITS PROVIDED

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

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

BENEFITS PROVIDED (Continued)

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #48.

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #48. For the year ended June 30, 2016, the State of Illinois contributions recognized by the Regional Office of Education #48 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education #48, and the Regional Office of Education #48 recognized revenue and expenditures of \$888,018 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 ending June 30, 2016 were \$10,355 and are deferred because they were paid after the June 30, 2015 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 #48, there is a statutory requirement for the Regional Office of Education #48 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 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.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS (Continued)

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$97,152 were paid from federal and special trust funds that required employer contributions of \$35,033. These contributions are deferred because they were paid after the June 30, 2015 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 #48 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, 2016, the Regional Office of Education #48 paid no employer contributions under the ERO program.

The Regional Office of Education #48 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, 2016, the Regional Office of Education #48 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the Regional Office of Education #48 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$ 802,575
State's proportionate share of the net pension liability associated with the employer	10,838,948
	<u>\$ 11,641,523</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education #48'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, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education #48's proportion was 0.0012251183 percent, which was an increase of .0001262267 percent from its proportionate measured as of June 30, 2014.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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 (Continued)

For the year ended June 30, 2016, the Regional Office of Education #48 recognized pension expense of \$888,018 and revenue of \$888,018 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education #48 recognized pension expense of (\$255,827). At June 30, 2016, the Regional Office of Education #48 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 299	\$ 880
Net difference between projected and actual earnings on pension plan investments	15,894	28,103
Changes of assumptions	11,099	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	144,104	1,130,376
Employer contributions subsequent to the measurement date	45,388	-
	\$ 216,784	\$ 1,159,359

\$45,388 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #48 as a reduction of their net pension liabilities in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

Year ended June 30:	
2017	\$ (323,058)
2018	(323,058)
2019	(323,056)
2020	(18,791)
	\$ (987,963)

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.00 percent
Salary increase:	varies by amount of service credit
Investment rate of return:	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. 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 from their 2013 levels.

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%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%
	<u>100%</u>	

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

DISCOUNT RATE

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent which was a change from the June 30, 2014 rate of 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 at June 30, 2015, was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefits recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of project benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #48'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #48's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the Regional Office of Education #48's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 991,787	\$ 802,575	\$ 647,418

TRS FIDUCIARY NET POSITION

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' HEALTH INSURANCE SECURITY FUND

The Regional Office of Education #48 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

ON BEHALF CONTRIBUTIONS TO THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #48. State contributions are intended to match contributions to THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$19,093, and Regional Office of Education #48 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014, were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #48 employees were \$17,056 and \$13,924, respectively.

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Regional Office of Education #48 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the Regional Office of Education #48 paid \$14,275 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education #48 paid \$12,709 and \$10,335, respectively, which was 100 percent of the required contribution.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' HEALTH INSURANCE SECURITY FUND (Continued)

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."

6 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2016 consist of the following individual due to/from other funds in the governmental fund balance sheet and proprietary fund statement of net position. The balances between governmental funds and proprietary funds were eliminated in the government-wide Statement of Net Position.

	Due To Other Funds	Due From Other Funds
Education Fund	\$ 398,010	\$ -
General Fund	15,083	42,266
Proprietary Fund	-	370,827
	\$ 413,093	\$ 413,093
Total	\$ 413,093	\$ 413,093

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2016 consist of the following individual transfers in/out to other funds in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the proprietary funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds and between proprietary funds were eliminated in the government-wide Statement of Activities.

	Transfer In	Transfer Out
Education Fund	\$ 27,262	\$ -
General Fund	65,247	183,154
Proprietary Fund	90,645	-
	\$ 183,154	\$ 183,154
Total	\$ 183,154	\$ 183,154

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

7 CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #48 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office of Education #48's assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Equipment	\$ 187,573	\$ -	\$ (80,631)	\$ 106,942
Governmental Activities Total Assets	187,573	-	(80,631)	106,942
Less Accumulated Depreciation	<u>(139,009)</u>	<u>(17,079)</u>	<u>80,345</u>	<u>(75,743)</u>
Governmental Activities Investment in Capital Assets, Net	<u>\$ 48,564</u>	<u>\$ (17,079)</u>	<u>\$ (286)</u>	<u>\$ 31,199</u>
	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type Activities:				
Equipment	\$ 47,216	\$ 7,089	\$ -	\$ 54,305
Business-type Activities Total Assets	47,216	7,089	-	54,305
Less Accumulated Depreciation	<u>(16,968)</u>	<u>(9,012)</u>	<u>-</u>	<u>(25,980)</u>
Business-type Activities Investment in Capital Assets, Net	<u>\$ 30,248</u>	<u>\$ (1,923)</u>	<u>\$ -</u>	<u>\$ 28,325</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2016 of \$17,079 and \$9,012 was charged to the governmental activities - instructional services and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation and related debt.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

8 RISK MANAGEMENT

The Regional Office of Education #48 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 #48 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.

9 OPERATING LEASES

The Regional Office of Education #48 has two lease agreements for office space and one agreement for storage space. The lease for office space at the PROE Center covered the period of July 1, 2015 through June 30, 2016 for a monthly rent of \$4,256. The lease for office space at Peoria Regional High School covered the period of July 1, 2015 through June 30, 2016 for a monthly rent of \$3,370. The lease period for the large storage space was July 1, 2015 through June 30, 2016 and had monthly rent of \$300. Subsequent to year-end, the PROE Center, Peoria Regional High School, and large storage space were renewed and extended an additional year through June 30, 2017. During the year ended June 30, 2016, rentals under lease obligations were \$95,112.

10 ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on-behalf of the Regional Office of Education #48:

State of Illinois	
Regional Superintendent Salary	\$ 112,008
Regional Superintendent Fringe Benefit (Includes State paid insurance)	35,562
Assistant Regional Superintendent Salary	100,812
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	29,111
THIS Contributions	19,093
Total	<u><u>\$ 296,586</u></u>

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

The Regional Office of Education #48's also recorded \$888,018 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 #48 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	\$ 296,586
ROE#48's share of TRS pension expense	888,018
	<u><u>\$ 1,184,604</u></u>

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

10 ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education #48's personnel are paid by Peoria County, Illinois, in accordance with statutes. Employees of programs funded by federal and State grants are paid by the grant funds. Some fixed assets used solely by the Regional Office of Education #48 are purchased by Peoria County. Ownership of those fixed assets remains with the County of Peoria and, accordingly, the cost of these assets is not included in the Regional Office of Education #48's financial statements. Peoria County also provides office space and some administrative expenses for the Regional Office of Education #48. The following data was calculated based on information provided by Peoria County:

Salaries and Benefits		\$	230,872
Office Expenses			21,313
Total		\$	252,185

11 DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #48's Education Fund, General Fund, Proprietary Funds, Nonmajor Special Revenue Funds, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

<u>General Fund</u>			
Local Governments		\$	6,180
Illinois State Board of Education			15,083
 <u>Education Fund</u>			
Local Governments			108,990
Illinois State Board of Education			228,896
Illinois Community College Board			87,653
 <u>Proprietary Funds</u>			
Local Governments			455,402
Illinois State Board of Education			1,138,200
 <u>Nonmajor Special Revenue Funds</u>			
Local Governments			2,287
 <u>Agency Funds</u>			
Illinois State Board of Education			1,441,082
Total		\$	3,483,773

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

11 DUE TO/FROM OTHER GOVERNMENTS (Continued)

Due To Other Governments:

<u>Education Fund</u>	
Local Governments	\$ 20,978
Illinois Community College Board	23,589
<u>Agency Funds</u>	
Local Governments	1,446,939
Total	<u>\$ 1,491,506</u>

12 CAPITAL LEASES

In April of 2014, the Regional Office of Education #48 entered into a capital lease reported by the Local Workshops Fund for the acquisition of a copier at a cost of \$17,434. Accumulated depreciation of the copier as of June 30, 2016 was \$7,604. In August of 2008, the Regional Office of Education #48 entered into a capital lease for the acquisition of computer equipment at a cost of \$39,048 reported in Governmental Activities. This equipment was fully depreciated as of June 30, 2016.

Capital lease obligation activity for the year ended June 30, 2016 was as follows

<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
\$ 13,420	\$ -	\$ 3,352	\$ 10,068	\$ 3,522

The future minimum lease payments and the principal and interest as of June 30, 2016, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,522	\$ 426
2018	3,702	246
2019	2,844	61
	<u>\$ 10,068</u>	<u>\$ 733</u>

13 ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts for the proprietary funds at June 30, 2016, are as follows:

	<u>Outstanding</u> <u>Balance</u>	<u>Allowance for</u> <u>Doubtful</u> <u>Accounts</u>	<u>Net</u>
Illinois Virtual School	\$ 457,835	\$ 11,070	\$ 446,765

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OTHER POST EMPLOYMENT BENEFITS

PLAN DESCRIPTION

In addition to providing the pension benefits described, the Regional Office of Education #48 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Regional Office of Education #48 and can be amended by the Regional Office of Education #48 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

BENEFITS PROVIDED

The Regional Office of Education #48 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education #48 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Regional Office of Education #48 insurance provider.

MEMBERSHIP

At June 30, 2016 membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	21
Active nonvested plan members	-
Total	<u>21</u>
Number of participating employers	<u>1</u>

FUNDING POLICY

The Regional Office of Education #48 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OTHER POST EMPLOYMENT BENEFITS (Continued)

ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The Regional Office of Education #48 had an actuarial valuation performed for the plan as of June 30, 2015 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2016. The Regional Office of Education #48's annual OPEB cost (expense) was \$4,674 and the ARC was \$4,674 for the fiscal year ended June 30, 2016. The Regional Office of Education #48's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2016, 2015 and 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 4,674	\$ -	0%	\$ 14,094
June 30, 2015	4,674	-	0%	9,420
June 30, 2014	1,582	-	0%	4,746

The net OPEB obligation as of June 30, 2016, was calculated as follows:

Annual Required Contribution	\$ 4,672
Interest on Net OPEB Obligation	190
Adjustment to Annual Required Contribution	<u>(188)</u>
Annual OPEB Cost	4,674
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	4,674
Net OPEB Obligation - Beginning of year	<u>9,420</u>
Net OPEB Obligation - End of Year	<u><u>\$ 14,094</u></u>

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan was as follows:

	Fiscal Year 2016
Actuarial Accrued Liability (AAL)	\$ 27,833
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 27,833
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 1,156,272
UAAL as a Percentage of Covered Payroll	2.41%

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

In the June 30, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 5.0 % to 10.0%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Regional Office of Education #48 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a level percent of pay based on an open group. The remaining amortization period at June 30, 2016 was 30 years.

14 DEFICIT FUND BALANCE

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. The deferral of the revenues caused a deficit fund balance of \$14,361 in Hospital Tutoring, \$128,371 in Learning Technology Center General Operations, \$150 in Special Education - IDEA Part D, \$3,880 in Mathematics and Science Partnerships - SA, and \$6,639 in Mathematics and Science Partnerships - MA fund accounts as of June 30, 2016.

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

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30, 2016*

	2015	2014
Employer's proportion of the net pension liability	0.0012251183%	0.0010988916%
Employer's proportionate share of the net pension liability	\$ 802,575	\$ 668,767
State's proportionate share of the net pension liability associated with the employer	10,838,948	8,853,197
Total	\$ 11,641,523	\$ 9,521,964
Employer's covered-employee payroll	\$ 1,679,745	\$ 1,462,157
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.8%	45.7%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30, †

	2016	2015	2014
Contractually-required contribution	\$ 45,388	\$ 38,585	\$ 39,208
Contributions in relation to the contractually-required contribution	45,388	38,585	39,208
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,796,039	\$ 1,679,745	\$ 1,462,157
Contributions as a percentage of covered-employee payroll	2.5%	2.3%	2.7%

† 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 Required Supplementary Information

Changes of assumptions

Amounts reported in 2015 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund
Calendar Year 2015

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
2015	\$ 35,166	\$ 35,166	\$ -	\$ 381,405	9.22%
2014	31,185	33,481	(2,296)	370,368	9.04%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	28-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.5%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013, 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.

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
Illinois Municipal Retirement Fund
Calendar Year 2015

Calendar Year Ended December 31,	2015	2014
Total Pension Liability		
Service Cost	\$ 38,901	\$ 42,803
Interest on the Total Pension Liability	60,525	43,948
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(4,610)	133,041
Changes of Assumptions	-	30,146
Benefit Payments, including Refunds of Employee Contributions	(32,926)	(21,004)
Net Change in Total Pension Liability	61,890	228,934
Total Pension Liability - Beginning	804,014	575,080
Total Pension Liability - Ending (A)	\$ 865,904	\$ 804,014
Plan Fiduciary Net Position		
Contributions - Employer	\$ 35,166	\$ 33,481
Contributions - Employees	17,163	28,590
Net Investment Income	13,816	38,808
Benefit Payments, including Refunds of Employee Contributions	(32,926)	(21,004)
Other (Net Transfer)	(1,944)	(973)
Net Change in Plan Fiduciary Net Position	31,275	78,902
Plan Fiduciary Net Position - Beginning	655,023	576,121
Plan Fiduciary Net Position - Ending (B)	\$ 686,298	\$ 655,023
Net Pension Liability - Ending (A) - (B)	\$ 179,606	\$ 148,991
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.26%	81.47%
Covered Valuation Payroll	\$ 381,405	\$ 370,368
Net Pension Liability as a Percentage of Covered Valuation Payroll	47.09%	40.23%

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.

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)

JUNE 30, 2016

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2016	7/1/14	\$ -	\$ 27,833	\$ 27,833	0.00%	\$ 1,156,272	2.41%
2015	7/1/14	-	27,833	27,833	0.00%	1,047,148	2.66%
2014	7/1/11	-	6,265	6,265	0.00%	268,672	2.33%

See accompanying Independent Auditor's Report.

SUPPLEMENTAL INFORMATION

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2016

	ROE Local Fund	General State Aid	Jail Library	Lincoln Senior Award	Office of Prevention
Assets					
Cash and cash equivalents	\$ 14,091	\$ -	\$ 519	\$ -	\$ 22,754
Due from other funds	27,183	-	-	-	-
Due from other governments	405	-	-	-	-
Prepaid expenses	153	-	-	-	-
Total assets	\$ 41,832	\$ -	\$ 519	\$ -	\$ 22,754
Liabilities					
Accounts payable	\$ 2,359	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	2,359	-	-	-	-
Fund balance					
Nonspendable	153	-	-	-	-
Assigned	-	-	519	-	22,754
Unassigned	39,320	-	-	-	-
Total fund balance (deficit)	39,473	-	519	-	22,754
Total liabilities and fund balance (deficit)	\$ 41,832	\$ -	\$ 519	\$ -	\$ 22,754

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2016

	Hospital Tutoring	Food Co-Op	Title II Co-Op	Peoria Regional High School Truants	Peoria Regional High School General State Aid
Assets					
Cash and cash equivalents	\$ 6,002	\$ 4,536	\$ -	\$ -	\$ 18,551
Due from other funds	-	-	-	-	-
Due from other governments	3,030	-	-	15,083	-
Prepaid expenses	-	-	-	-	200
Total assets	\$ 9,032	\$ 4,536	\$ -	\$ 15,083	\$ 18,751
Liabilities					
Accounts payable	\$ 23,393	\$ -	\$ -	\$ -	\$ 150
Accrued payroll and employee benefits	-	686	-	-	-
Due to other funds	-	-	-	15,083	-
Unearned revenue	-	3,850	-	-	-
Total liabilities	23,393	4,536	-	15,083	150
Fund balance					
Nonspendable	-	-	-	-	200
Assigned	-	-	-	-	18,401
Unassigned	(14,361)	-	-	-	-
Total fund balance (deficit)	(14,361)	-	-	-	18,601
Total liabilities and fund balance (deficit)	\$ 9,032	\$ 4,536	\$ -	\$ 15,083	\$ 18,751

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

June 30, 2016

	Peoria Regional High School	Upward Generated	Criminal Background Checks	Total
Assets				
Cash and cash equivalents	\$ 10,093	\$ -	\$ 2,813	\$ 79,359
Due from other funds	15,083	-	-	42,266
Due from other governments	-	-	2,745	21,263
Prepaid expenses	204	-	8,246	8,803
Total assets	\$ 25,380	\$ -	\$ 13,804	\$ 151,691
Liabilities				
Accounts payable	\$ 1,528	\$ -	\$ 3,846	\$ 31,276
Accrued payroll and employee benefits	-	-	-	686
Due to other funds	-	-	-	15,083
Unearned revenue	-	-	-	3,850
Total liabilities	1,528	-	3,846	50,895
Fund balance				
Nonspendable	204	-	8,246	8,803
Assigned	23,648	-	-	65,322
Unassigned	-	-	1,712	26,671
Total fund balance (deficit)	23,852	-	9,958	100,796
Total liabilities and fund balance (deficit)	\$ 25,380	\$ -	\$ 13,804	\$ 151,691

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2016

	ROE Local Fund	General State Aid	Jail Library	Lincoln Senior Award	Office of Prevention
Revenues					
Local sources	\$ 13,908	\$ -	\$ -	\$ 1,468	\$ 150
State sources	-	193,566	-	-	-
On-behalf payments - local	252,185	-	-	-	-
On-behalf payments - state	296,586	-	-	-	-
Interest income	112	-	-	-	-
Total revenues	562,791	193,566	-	1,468	150
Expenditures					
Salaries and benefits	33,151	-	-	-	-
Purchased services	19,474	-	315	1,980	1,305
Supplies and materials	193	-	131	35	275
Other objects	14,531	-	-	-	-
Payments to other governments	-	193,566	-	-	-
On-behalf payments - local	252,185	-	-	-	-
On-behalf payments - state	296,586	-	-	-	-
Pension expense	-	-	-	-	-
Total expenditures	616,120	193,566	446	2,015	1,580
Excess (deficiency) of revenues over (under) expenditures	(53,329)	-	(446)	(547)	(1,430)
Other financing sources (uses)					
Transfers in	64,867	-	-	380	-
Transfers out	(380)	-	-	-	-
Total other financing sources (uses)	64,487	-	-	380	-
Net change in fund balances	11,158	-	(446)	(167)	(1,430)
Fund balance (deficit) - beginning	28,315	-	965	167	24,184
Fund balance (deficit) - ending	\$ 39,473	\$ -	\$ 519	\$ -	\$ 22,754

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2016

	Hospital Tutoring	Food Co-Op	Title II Co-Op	Peoria Regional High School Truants	Peoria Regional High School General State Aid
Revenues					
Local sources	\$ 63,388	\$ 6,650	\$ -	\$ -	\$ -
State sources	-	-	-	74,486	319,211
On-behalf payments - local	-	-	-	-	-
On-behalf payments - state	-	-	-	-	-
Interest income	-	-	38	-	-
Total revenues	63,388	6,650	38	74,486	319,211
Expenditures					
Salaries and benefits	-	3,560	-	71,667	235,608
Purchased services	53,593	209	-	1,175	63,868
Supplies and materials	-	269	-	1,235	311
Other objects	3,785	-	-	-	-
Payments to other governments	-	-	-	-	-
On-behalf payments - local	-	-	-	-	-
On-behalf payments - state	-	-	-	-	-
Pension expense	-	-	-	409	823
Total expenditures	57,378	4,038	-	74,486	300,610
Excess (deficiency) of revenues over (under) expenditures	6,010	2,612	38	-	18,601
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(53,589)	(34,867)	(94,318)	-	-
Total other financing sources (uses)	(53,589)	(34,867)	(94,318)	-	-
Net change in fund balances	(47,579)	(32,255)	(94,280)	-	18,601
Fund balance (deficit) - beginning	33,218	32,255	94,280	-	-
Fund balance (deficit) - ending	\$ (14,361)	\$ -	\$ -	\$ -	\$ 18,601

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2016

	Peoria Regional High School	Upward Generated	Criminal Background Checks	Total
Revenues				
Local sources	\$ 42,905	\$ 805	\$ 68,915	\$ 198,189
State sources	-	-	-	587,263
On-behalf payments - local	-	-	-	252,185
On-behalf payments - state	-	-	-	296,586
Interest income	-	-	-	150
Total revenues	<u>42,905</u>	<u>805</u>	<u>68,915</u>	<u>1,334,373</u>
Expenditures				
Salaries and benefits	6,682	-	559	351,227
Purchased services	13,634	763	68,159	224,475
Supplies and materials	14,636	48	1,067	18,200
Other objects	6	-	-	18,322
Payments to other governments	-	-	-	193,566
On-behalf payments - local	-	-	-	252,185
On-behalf payments - state	-	-	-	296,586
Pension expense	-	-	-	1,232
Total expenditures	<u>34,958</u>	<u>811</u>	<u>69,785</u>	<u>1,355,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,947</u>	<u>(6)</u>	<u>(870)</u>	<u>(21,420)</u>
Other financing sources (uses)				
Transfers in	-	-	-	65,247
Transfers out	-	-	-	(183,154)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,907)</u>
Net change in fund balances	7,947	(6)	(870)	(139,327)
Fund balance (deficit) - beginning	<u>15,905</u>	<u>6</u>	<u>10,828</u>	<u>240,123</u>
Fund balance (deficit) - ending	<u>\$ 23,852</u>	<u>\$ -</u>	<u>\$ 9,958</u>	<u>\$ 100,796</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2016

	Adult Education Federal Basic	Communities for Youth Truants Alternative	McKinney-Vento Education for Homeless Children and Youth	Learning Technology Center General Operations	ROE/ISC Operations
Assets					
Cash and cash equivalents	\$ 23,589	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	21,418	5,679	128,371	58,129
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 23,589</u>	<u>\$ 21,418</u>	<u>\$ 5,679</u>	<u>\$ 128,371</u>	<u>\$ 58,129</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Due to other funds	-	21,418	5,679	128,371	58,129
Due to other governments	23,589	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>23,589</u>	<u>21,418</u>	<u>5,679</u>	<u>128,371</u>	<u>58,129</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	128,371	-
Fund balance (deficit)					
Nonspendable	-	-	-	-	-
Unassigned	-	-	-	(128,371)	-
Total fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,371)</u>	<u>-</u>
Total liabilities and fund balance (deficit)	<u>\$ 23,589</u>	<u>\$ 21,418</u>	<u>\$ 5,679</u>	<u>\$ 128,371</u>	<u>\$ 58,129</u>

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2016

	Foundational Services	Special Education - IDEA Part D	Preschool for All Children	Pilot Regional Safe School Cooperative Education Program	Regional Safe Schools
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 33,021	\$ -	\$ -
Due from other governments	36,362	66,949	-	9,899	11,079
Prepaid expenses	-	17	365	-	-
Total assets	<u>\$ 36,362</u>	<u>\$ 66,966</u>	<u>\$ 33,386</u>	<u>\$ 9,899</u>	<u>\$ 11,079</u>
Liabilities					
Accounts payable	\$ -	\$ 150	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	5,833	-	-
Due to other funds	36,362	66,816	-	-	-
Due to other governments	-	-	-	9,899	11,079
Unearned revenue	-	-	27,553	-	-
Total liabilities	<u>36,362</u>	<u>66,966</u>	<u>33,386</u>	<u>9,899</u>	<u>11,079</u>
Deferred inflows of resources					
Unavailable revenue	-	150	-	-	-
Fund balance (deficit)					
Nonspendable	-	17	365	-	-
Unassigned	-	(167)	(365)	-	-
Total fund balance (deficit)	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance (deficit)	<u>\$ 36,362</u>	<u>\$ 66,966</u>	<u>\$ 33,386</u>	<u>\$ 9,899</u>	<u>\$ 11,079</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2016

	Title II- Teacher Quality- Leadership Grant	Mathematics and Science Partnerships - SA	Mathematics and Science Partnerships - MA	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 56,610
Due from other governments	86	42,057	45,510	425,539
Prepaid expenses	-	1,500	3,103	4,985
Total assets	\$ 86	\$ 43,557	\$ 48,613	\$ 487,134
Liabilities				
Accounts payable	\$ -	\$ 4,108	\$ 6,913	\$ 11,171
Accrued payroll and employee benefits	-	-	-	5,833
Due to other funds	86	39,449	41,700	398,010
Due to other governments	-	-	-	44,567
Unearned revenue	-	-	-	27,553
Total liabilities	86	43,557	48,613	487,134
Deferred inflows of resources				
Unavailable revenue	-	3,880	6,639	139,040
Fund balance (deficit)				
Nonspendable	-	1,500	3,103	4,985
Unassigned	-	(5,380)	(9,742)	(144,025)
Total fund balance (deficit)	-	(3,880)	(6,639)	(139,040)
Total liabilities and fund balance (deficit)	\$ 86	\$ 43,557	\$ 48,613	\$ 487,134

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See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2016

	Adult Education Federal Basic	Communities for Youth Truants Alternative	McKinney-Vento Education for Homeless Children and Youth	Learning Technology Center General Operations	ROE/ISC Operations
Revenues					
State sources	\$ -	\$ 126,247	\$ -	\$ 43,000	\$ 58,129
Federal sources	15,098	-	40,459	-	-
Interest income	-	-	-	-	-
Total revenues	15,098	126,247	40,459	43,000	58,129
Expenditures					
Salaries and benefits	35,788	112,382	34,343	77,457	6,406
Purchased services	146	7,280	1,686	86,195	42,246
Supplies and materials	-	2,705	889	35	8,388
Other objects	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Pension expense	2,753	3,880	3,541	7,684	1,089
Capital outlay	-	-	-	-	-
Total expenditures	38,687	126,247	40,459	171,371	58,129
Excess (deficiency) of revenues over (under) expenditures	(23,589)	-	-	(128,371)	-
Other financing sources:					
Transfer in	23,589	-	-	-	-
Total other financing sources	23,589	-	-	-	-
Net change in fund balances	-	-	-	(128,371)	-
Fund balance (deficit) - beginning	-	-	-	-	-
Fund balance (deficit) - ending	\$ -	\$ -	\$ -	\$ (128,371)	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2016

	Foundational Services	Special Education - IDEA Part D	Preschool for All Children	Pilot Regional Safe School Cooperative Education Program	Regional Safe Schools
Revenues					
State sources	\$ -	\$ -	\$ 139,844	\$ 39,581	\$ 99,717
Federal sources	48,099	231,840	-	-	-
Interest income	-	-	17	-	-
Total revenues	<u>48,099</u>	<u>231,840</u>	<u>139,861</u>	<u>39,581</u>	<u>99,717</u>
Expenditures					
Salaries and benefits	29,309	189,516	90,771	-	-
Purchased services	12,086	10,565	28,396	-	-
Supplies and materials	1,820	766	19,098	-	-
Other objects	-	-	-	-	-
Payments to other governments	-	-	-	39,581	99,717
Pension expense	8,557	31,143	1,596	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>51,772</u>	<u>231,990</u>	<u>139,861</u>	<u>39,581</u>	<u>99,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,673)</u>	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:					
Transfer in	<u>3,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>3,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(150)	-	-	-
Fund balance (deficit) - beginning	-	-	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ (150)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2016

	Title II Teacher Quality Leadership Grant	Mathematics and Science Partnerships - SA	Mathematics and Science Partnerships - MA	Total
Revenues				
State sources	\$ -	\$ -	\$ -	\$ 506,518
Federal sources	5,086	243,079	237,011	820,672
Interest income	-	-	-	17
Total revenues	<u>5,086</u>	<u>243,079</u>	<u>237,011</u>	<u>1,327,207</u>
Expenditures				
Salaries and benefits	-	25,718	30,550	632,240
Purchased services	5,086	72,139	87,523	353,348
Supplies and materials	-	70,869	32,127	136,697
Other objects	-	-	-	-
Payments to other governments	-	76,250	92,274	307,822
Pension expense	-	1,983	1,176	63,402
Capital outlay	-	-	-	-
Total expenditures	<u>5,086</u>	<u>246,959</u>	<u>243,650</u>	<u>1,493,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,880)</u>	<u>(6,639)</u>	<u>(166,302)</u>
Other financing sources:				
Transfer in	-	-	-	27,262
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,262</u>
Net change in fund balances	-	(3,880)	(6,639)	(139,040)
Fund balance (deficit) - beginning	-	-	-	-
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ (3,880)</u>	<u>\$ (6,639)</u>	<u>\$ (139,040)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ADULT EDUCATION - FEDERAL BASIC

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 38,687	\$ 38,687	\$ 15,098
Total revenue	<u>38,687</u>	<u>38,687</u>	<u>15,098</u>
Expenditures			
Salaries and benefits	38,396	38,396	35,788
Purchased services	291	291	146
Pension expense	-	-	2,753
Total expenditures	<u>38,687</u>	<u>38,687</u>	<u>38,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(23,589)</u>
Other financing sources			
Transfer in	-	-	23,589
Total other financing sources	<u>-</u>	<u>-</u>	<u>23,589</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
COMMUNITIES FOR YOUTH TRUANTS ALTERNATIVE

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 200,733	\$ 200,733	\$ 126,247
Total revenues	<u>200,733</u>	<u>200,733</u>	<u>126,247</u>
Expenditures			
Salaries and benefits	191,884	189,146	112,382
Purchased services	7,207	8,882	7,280
Supplies and materials	1,642	2,705	2,705
Pension expense	-	-	3,880
Total expenditures	<u>200,733</u>	<u>200,733</u>	<u>126,247</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 36,478	\$ 40,459	\$ 40,459
Total revenue	<u>36,478</u>	<u>40,459</u>	<u>40,459</u>
Expenditures			
Salaries and benefits	35,048	37,842	34,343
Purchased services	1,402	1,852	1,686
Supplies and materials	28	765	889
Pension expense	-	-	3,541
Total expenditures	<u>36,478</u>	<u>40,459</u>	<u>40,459</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
LEARNING TECHNOLOGY CENTER GENERAL OPERATIONS

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 171,371	\$ 171,371	\$ 43,000
Total revenue	<u>171,371</u>	<u>171,371</u>	<u>43,000</u>
Expenditures			
Salaries and benefits	83,056	83,056	77,457
Purchased services	87,915	87,915	86,195
Supplies and materials	400	400	35
Pension expense	-	-	7,684
Total expenditures	<u>171,371</u>	<u>171,371</u>	<u>171,371</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(128,371)</u>
Net change in fund balance	-	-	(128,371)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (128,371)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 92,597	\$ 92,690	\$ 58,129
Total revenues	<u>92,597</u>	<u>92,690</u>	<u>58,129</u>
Expenditures			
Salaries and benefits	52,101	8,188	6,406
Purchased services	24,175	42,250	42,246
Supplies and materials	16,095	42,252	8,388
Other objects	226	-	-
Pension expense	-	-	1,089
Total expenditures	<u>92,597</u>	<u>92,690</u>	<u>58,129</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOUNDATIONAL SERVICES

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 107,314	\$ 107,314	\$ 48,099
Total revenues	<u>107,314</u>	<u>107,314</u>	<u>48,099</u>
Expenditures			
Salaries and benefits	81,183	81,183	29,309
Purchased services	23,448	23,448	12,086
Supplies and materials	2,683	2,683	1,820
Pension expense	-	-	8,557
Total expenditures	<u>107,314</u>	<u>107,314</u>	<u>51,772</u>
(Deficiency) of revenues (under) expenditures	<u>-</u>	<u>-</u>	<u>(3,673)</u>
Other financing sources			
Transfer in	<u>-</u>	<u>-</u>	<u>3,673</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,673</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SPECIAL EDUCATION - IDEA PART D

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 235,254	\$ 235,254	\$ 231,840
Total revenues	<u>235,254</u>	<u>235,254</u>	<u>231,840</u>
Expenditures			
Salaries and benefits	208,218	208,218	189,516
Purchased services	15,507	15,507	10,565
Supplies and materials	11,529	11,529	766
Pension expense	-	-	31,143
Total expenditures	<u>235,254</u>	<u>235,254</u>	<u>231,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(150)</u>
Net change in fund balance	-	-	(150)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL CHILDREN

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 165,804	\$ 165,804	\$ 139,844
Interest	-	-	17
Total revenues	<u>165,804</u>	<u>165,804</u>	<u>139,861</u>
Expenditures			
Salaries and benefits	103,253	107,078	90,771
Purchased services	38,207	34,950	28,396
Supplies and materials	24,344	23,776	19,098
Pension expense	-	-	1,596
Total expenditures	<u>165,804</u>	<u>165,804</u>	<u>139,861</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PILOT REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 39,581	\$ 39,581	\$ 39,581
Total revenues	<u>39,581</u>	<u>39,581</u>	<u>39,581</u>
Expenditures			
Salaries and benefits	6,514	6,514	-
Purchased services	19,067	19,067	-
Supplies and materials	14,000	14,000	-
Payments to other governments	-	-	39,581
Total expenditures	<u>39,581</u>	<u>39,581</u>	<u>39,581</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
 PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 99,717	\$ 99,717	\$ 99,717
Total revenues	99,717	99,717	99,717
Expenditures			
Payments to other governments	99,717	99,717	99,717
Total expenditures	99,717	99,717	99,717
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP GRANT

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 5,086	\$ 5,086	\$ 5,086
Total revenue	<u>5,086</u>	<u>5,086</u>	<u>5,086</u>
Expenditures			
Purchased services	5,086	5,086	5,086
Supplies and materials	-	-	-
Total expenditures	<u>5,086</u>	<u>5,086</u>	<u>5,086</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS - SA

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 243,079
Total revenue	<u>250,000</u>	<u>250,000</u>	<u>243,079</u>
Expenditures			
Salaries and benefits	28,515	30,447	25,718
Purchased services	80,203	15,729	72,139
Supplies and materials	67,784	77,240	70,869
Payments to other governments	73,498	126,584	76,250
Pension expense	-	-	1,983
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>246,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(3,880)</u>
Net change in fund balance	-	-	(3,880)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,880)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIPS - MA

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 250,000	\$ 250,000	\$ 237,011
Total revenue	<u>250,000</u>	<u>250,000</u>	<u>237,011</u>
Expenditures			
Salaries and benefits	21,722	34,124	30,550
Purchased services	138,555	8,475	87,523
Supplies and materials	4,350	49,990	32,127
Payments to other governments	85,373	157,411	92,274
Pension expense	-	-	1,176
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>243,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(6,639)</u>
Net change in fund balance	-	-	(6,639)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,639)</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2016

	Bus Driver Training	General Education Development	Institute	Supervisory	Local Foundation	Total
Assets						
Cash and cash equivalents	\$ 13,884	\$ 32,023	\$ 123,910	\$ 2,175	\$ 1,347	\$ 173,339
Due from other governments	1,446	841	-	-	-	2,287
Total assets	<u>\$ 15,330</u>	<u>\$ 32,864</u>	<u>\$ 123,910</u>	<u>\$ 2,175</u>	<u>\$ 1,347</u>	<u>\$ 175,626</u>
Fund balance						
Restricted	<u>\$ 15,330</u>	<u>\$ 32,864</u>	<u>\$ 123,910</u>	<u>\$ 2,175</u>	<u>\$ 1,347</u>	<u>\$ 175,626</u>
Total fund balance	<u>15,330</u>	<u>32,864</u>	<u>123,910</u>	<u>2,175</u>	<u>1,347</u>	<u>175,626</u>
Total liabilities and fund balance	<u>\$ 15,330</u>	<u>\$ 32,864</u>	<u>\$ 123,910</u>	<u>\$ 2,175</u>	<u>\$ 1,347</u>	<u>\$ 175,626</u>

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2016

	Bus Driver Training	General Education Development	Institute	Supervisory	Local Foundation	Total
Revenues						
Local sources	\$ 5,986	\$ 14,046	\$ 61,217	\$ -	\$ -	\$ 81,249
State sources	1,446	-	-	-	-	1,446
Interest	-	-	35	-	-	35
Total revenues	<u>7,432</u>	<u>14,046</u>	<u>61,252</u>	<u>-</u>	<u>-</u>	<u>82,730</u>
Expenditures						
Purchased services	3,374	15,097	75,311	100	1,074	94,956
Supplies and materials	7	949	1,052	-	-	2,008
Other objects	-	2,000	-	-	50	2,050
Total expenditures	<u>3,381</u>	<u>18,046</u>	<u>76,363</u>	<u>100</u>	<u>1,124</u>	<u>99,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,051</u>	<u>(4,000)</u>	<u>(15,111)</u>	<u>(100)</u>	<u>(1,124)</u>	<u>(16,284)</u>
Net change in fund balance	4,051	(4,000)	(15,111)	(100)	(1,124)	(16,284)
Fund balance - beginning	<u>11,279</u>	<u>36,864</u>	<u>139,021</u>	<u>2,275</u>	<u>2,471</u>	<u>191,910</u>
Fund balance - ending	<u>\$ 15,330</u>	<u>\$ 32,864</u>	<u>\$ 123,910</u>	<u>\$ 2,175</u>	<u>\$ 1,347</u>	<u>\$ 175,626</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2016

	Regional Board of Trustees	C.I.S.E.	PERFECT	SEAPCO	IVS Scholarship Fund	Total
Assets						
Cash and cash equivalents	\$ 18	\$ 2,084	\$ -	\$ -	\$ 3,755	\$ 5,857
Due from other governments	-	-	33,157	1,407,925	-	1,441,082
	<u>18</u>	<u>2,084</u>	<u>33,157</u>	<u>1,407,925</u>	<u>3,755</u>	<u>1,446,939</u>
Total assets	\$ 18	\$ 2,084	\$ 33,157	\$ 1,407,925	\$ 3,755	\$ 1,446,939
Liabilities						
Due to other governments	\$ 18	\$ 2,084	\$ 33,157	\$ 1,407,925	\$ 3,755	\$ 1,446,939
	<u>18</u>	<u>2,084</u>	<u>33,157</u>	<u>1,407,925</u>	<u>3,755</u>	<u>1,446,939</u>
Total liabilities	\$ 18	\$ 2,084	\$ 33,157	\$ 1,407,925	\$ 3,755	\$ 1,446,939

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>REGIONAL BOARD OF TRUSTEES</u>				
Assets				
Cash and cash equivalents	\$ 18	\$ -	\$ -	\$ 18
Total assets	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>
Liabilities				
Due to other governments	\$ 18	\$ -	\$ -	\$ 18
Total liabilities	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>
<u>C.I.S.E.</u>				
Assets				
Cash and cash equivalents	\$ 2,084	\$ -	\$ -	\$ 2,084
Total assets	<u>\$ 2,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,084</u>
Liabilities				
Due to other governments	\$ 2,084	\$ -	\$ -	\$ 2,084
Total liabilities	<u>\$ 2,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,084</u>
<u>PERFECT</u>				
Assets				
Due from other governments	\$ 8,194	\$ 744,425	\$ 719,462	\$ 33,157
Total assets	<u>\$ 8,194</u>	<u>\$ 744,425</u>	<u>\$ 719,462</u>	<u>\$ 33,157</u>
Liabilities				
Due to other governments	\$ 8,194	\$ 744,425	\$ 719,462	\$ 33,157
Total liabilities	<u>\$ 8,194</u>	<u>\$ 744,425</u>	<u>\$ 719,462</u>	<u>\$ 33,157</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>SEAPCO</u>				
Assets				
Due from other governments	\$ 1,280,889	\$ 4,457,541	\$ 4,330,505	\$ 1,407,925
Total assets	\$ 1,280,889	\$ 4,457,541	\$ 4,330,505	\$ 1,407,925
Liabilities				
Due to other governments	\$ 1,280,889	\$ 4,457,541	\$ 4,330,505	\$ 1,407,925
Total liabilities	\$ 1,280,889	\$ 4,457,541	\$ 4,330,505	\$ 1,407,925
 <u>IVS SCHOLARSHIP FUND</u>				
Assets				
Cash and cash equivalents	\$ 3,755	\$ -	\$ -	\$ 3,755
Total assets	\$ 3,755	\$ -	\$ -	\$ 3,755
Liabilities				
Due to other governments	\$ 3,755	\$ -	\$ -	\$ 3,755
Total liabilities	\$ 3,755	\$ -	\$ -	\$ 3,755
 <u>TOTAL - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 5,857	\$ -	\$ -	\$ 5,857
Due from other governments	1,289,083	5,201,966	5,049,967	1,441,082
Total assets	\$ 1,294,940	\$ 5,201,966	\$ 5,049,967	\$ 1,446,939
Liabilities				
Due to other governments	\$ 1,294,940	\$ 5,201,966	\$ 5,049,967	\$ 1,446,939
Total liabilities	\$ 1,294,940	\$ 5,201,966	\$ 5,049,967	\$ 1,446,939

See accompanying Independent Auditor's Report.

FEDERAL COMPLIANCE SECTION

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

<u>Federal Grantor/Pass Through Grantor, Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education				
Passed-Through Illinois Community College Board				
Adult Education - Basic Grants to States <i>Adult Education - Basic Grants to States</i>	84.002	514-AB	\$ -	\$ 15,098
Passed-Through Illinois State Board of Education				
Improving Teacher Quality State Grants <i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	16-4935-02	-	5,086
Mathematics and Science Partnerships				
<i>Title II - Math-Science Partnership - Math Area Partnership</i>	M 84.366B	15-4936-MA	-	158,049
<i>Title II - Math-Science Partnership - Science Area Partnership</i>	M 84.366B	15-4936-SA	-	163,894
<i>Title II - Math-Science Partnership - Math Area Partnership</i>	M 84.366B	16-4936-MA	-	85,601
<i>Title II - Math-Science Partnership - Science Area Partnership</i>	M 84.366B	16-4936-SA	-	83,065
Total Mathematics and Science Partnerships			-	490,609
Passed-Through Fulton, Hancock, McDonough, Schuyler Regional Office of Education #26				
Education for Homeless Children and Youth <i>McKinney-Vento Education for Homeless Children and Youth</i>	84.196A	16-4920-00	-	40,459
Passed-Through Lee, Ogle, Whiteside Regional Office of Education #47				
Special Education - State Personnel Development				
<i>IDEA - Improvement Grants - Part D</i>	84.323A	15-4631-RN	-	101,213
<i>IDEA - Improvement Grants - Part D</i>	84.323A	16-4631-RN	-	130,777
Total Special Education - State Personnel Development			-	231,990
Passed-Through Sangamon-Menard Regional Office of Education #51				
Title I Grants to Local Educational Agencies <i>Title I - School Improvement & Accountability</i>	84.010A	16-4331-SS	-	48,099
Total U.S. Department of Education			-	831,341
Total Expenditures of Federal Awards			\$ -	\$ 831,341

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

PEORIA COUNTY
REGIONAL OFFICE OF EDUCATION #48

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Regional Office of Education #48 under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education #48, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Regional Office of Education #48. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education #48 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.