

**STATE OF ILLINOIS  
GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**FINANCIAL AUDIT  
For the year ended June 30, 2016**

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>OFFICIALS</b> .....	1
<b>FINANCIAL REPORT SUMMARY</b> .....	2
<b>FINANCIAL STATEMENT REPORT SUMMARY</b> .....	3
<b>FINANCIAL SECTION:</b>	
Independent Auditors’ Report.....	4–6
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 <i>Government Auditing Standards</i> .....	7–8
Schedule of Findings and Responses:	
Section I - Summary of Auditors’ Results.....	9
Section II - Financial Statement Findings.....	10–11
Corrective Action Plan for Current Year Audit Findings .....	12
Summary Schedule of Prior Audit Findings.....	13
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government–wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16–17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	20

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**TABLE OF CONTENTS (Continued)**

**BASIC FINANCIAL STATEMENTS: (Continued)**

Statement of Net Position – Proprietary Funds .....	21–22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	23–24
Statement of Cash Flows – Proprietary Funds.....	25–26
Statement of Fiduciary Net Position – Fiduciary Funds.....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	28
Notes to the Financial Statements .....	29–66

**REQUIRED SUPPLEMENTARY INFORMATION:**

Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability & Related Ratios.....	67
Illinois Municipal Retirement Fund – Schedule of Employer Contributions.....	68–69
Teachers’ Retirement System of the State of Illinois – Schedule of the Employer’s Proportionate Share of the Net Pension Liability .....	70
Teachers’ Retirement System of the State of Illinois – Schedule of Employer Contributions.....	71
Other Post Employment Benefits – Health Insurance – Schedule of Funding Progress (Unaudited).....	72

**SUPPLEMENTARY INFORMATION:**

General Fund:

Combining Schedules:

Combining Schedule of Accounts – General Fund.....	73–75
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts.....	76–78

Education Fund:

Combining Schedules:

Combining Schedule of Accounts – Education Fund .....	79–81
---	-------

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**TABLE OF CONTENTS (Continued)**

**SUPPLEMENTARY INFORMATION: (Continued)**

Education Fund: (Continued)

Combining Schedules: (Continued)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts .....	82–84
---	-------

Individual Schedules:

Budgetary Comparison Schedule – Education Fund Accounts WIA Grant.....	85
---	----

Budgetary Comparison Schedule – Education Fund Accounts Truants Alternative Optional Education Program.....	86
--	----

Budgetary Comparison Schedule – Education Fund Accounts ROE/ISC Operations .....	87
---	----

Budgetary Comparison Schedule – Education Fund Accounts Title II – Teacher Quality – Leadership Grant (2015) .....	88
---	----

Budgetary Comparison Schedule – Education Fund Accounts Title II – Teacher Quality – Leadership Grant (2016) .....	89
---	----

Budgetary Comparison Schedule – Education Fund Accounts Regional Safe School .....	90
---	----

Nonmajor Governmental Funds:

Combining Schedules:

Combining Balance Sheet - Nonmajor Special Revenue Funds .....	91
--	----

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds .....	92
---	----

Fiduciary Funds:

Combining Schedules:

Combining Statement of Fiduciary Net Position – Agency Funds .....	93
--	----

Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	94
--	----

Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund .....	95
---	----

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**OFFICIALS**

Regional Superintendent (Current and during the audit period) ..... Mr. Christopher Mehochko

Assistant Regional Superintendent (Current and during the audit period) ..... Ms. Michelle Senffner

Offices are located at:

1320 Union Street  
Morris, Illinois 60450

109 W. Ridge Street  
Yorkville, Illinois 60560

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2016-001	10-11	Controls Over Financial Statement Preparation	Material Weakness

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings not repeated for the year ended June 30, 2016.

**EXIT CONFERENCE**

The Grundy and Kendall Counties Regional Office of Education No. 24 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report.

Responses to the recommendations were provided by Christopher Mehochko, Regional Superintendent, via email on October 13, 2016.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Grundy and Kendall Counties Regional Office of Education No. 24 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements.

# WEST & COMPANY, LLC

## MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE  
DAVID W. FALLER

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

## OFFICES

CHAMPAIGN  
EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

## INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy and Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Grundy and Kendall Counties Regional Office of Education No. 24, 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 Illinois Municipal Retirement Fund - Schedules of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedules of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, and Other Post Employment Benefits – Health Insurance – Schedule of Funding Progress on pages 67 - 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2017, on our consideration of the Grundy and Kendall Counties Regional Office of Education No. 24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grundy and Kendall Counties Regional Office of Education No. 24's internal control over financial reporting and compliance.

Mattoon, Illinois  
May 11, 2017

MEMBERS

RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
JOSHUA D. LOWE  
DAVID W. FALLER

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

OFFICES

CHAMPAIGN  
EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

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

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy and Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Grundy and Kendall Counties Regional Office of Education No. 24's basic financial statements, and have issued our report thereon dated May 11, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Grundy and Kendall Counties Regional Office of Education No. 24's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grundy and Kendall Counties Regional Office of Education No. 24's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy and Kendall Counties Regional Office of Education No. 24'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.

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying Schedule of Findings and Responses as finding 2016-001 to be a material weakness.

### **Compliance and Other Matters**

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

### **Regional Office of Education No. 24's Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grundy and Kendall Counties Regional Office of Education No. 24's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grundy and Kendall Counties Regional Office of Education No. 24's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mattoon, Illinois  
May 11, 2017

**SCHEDULE OF FINDINGS AND RESPONSES**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS' RESULTS  
For the year ended June 30, 2016**

**Section I – Summary of Auditors' Results**

**Financial statements in accordance with GAAP**

Type of auditors' report issued:

UNMODIFIED

Internal control over financial reporting:

- Material weakness identified?

  X   yes           no

- Significant deficiency(ies) identified?

       yes      X   none reported

Noncompliance material to financial  
statements noted?

       yes      X   no

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Section II – Financial Statement Findings**

**FINDING NO. 2016-001 – Controls Over Financial Statement Preparation** (Repeat of Prior Year Findings 15-001, 14-001, 13-001, 12-2, 11-2, and 10-2)

**Criteria/Specific Requirement:**

The Regional Office of Education No. 24 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education No. 24's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

**Condition:**

The Regional Office of Education No. 24 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 24 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 24 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 24's financial information prepared by the Regional Office of Education No. 24, auditors noted the Regional Office's financial information required material adjusting entries to cash, accounts receivable, accounts payable, operating lease obligation, and capital assets in order to present its financial statements in accordance with generally accepted accounting principles. Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by Regional Office management.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the year ended June 30, 2016**

**Section II – Financial Statement Findings** (Continued)

**FINDING NO. 2016-001 – Controls Over Financial Statement Preparation** (Repeat of Prior Year Findings 15-001, 14-001, 13-001, 12-2, 11-2 and 10-2) (Concluded)

**Effect:**

The Regional Office of Education No. 24's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

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

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

**Recommendation:**

As part of internal control over the preparation of financial statements, the Regional Office of Education No. 24 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education No. 24's activities and operations.

**Management's Response:**

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

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

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



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2016**

**Section II – Financial Statement Findings** (Continued)

**Corrective Action Plan**

**FINDING NO. 2016-001 – Controls Over Financial Statement Preparation** (Repeat of Prior Year Findings 15-001, 14-001, 13-001, 12-2, 11-2, and 10-2)

**Condition:**

The Regional Office of Education No. 24 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 24 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 24 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 24's financial information prepared by the Regional Office of Education No. 24, auditors noted the Regional Office's financial information required material adjusting entries to cash, accounts receivable, accounts payable, operating lease obligation, and capital assets in order to present its financial statements in accordance with generally accepted accounting principles. Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by Regional Office management.

**Plan:**

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

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

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

**Anticipated date of completion:**

Ongoing

**Name of contact person:**

Honorable Christopher Mehochko, Regional Superintendent of Schools

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2016**

<b><u>Finding Number</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2015-001	Controls Over Financial Statement Preparation	Repeated

## **BASIC FINANCIAL STATEMENTS**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF NET POSITION  
June 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,259,783	\$ 49,298	\$ 1,309,081
Investments	103,390	-	103,390
Accounts receivable	1,414	50	1,464
Due from other governments	181,516	-	181,516
Prepaid expenses	34,912	-	34,912
Internal balances	524	(524)	-
Total current assets	<u>1,581,539</u>	<u>48,824</u>	<u>1,630,363</u>
Noncurrent assets:			
Capital assets, net of depreciation	417,540	3,140	420,680
Net pension asset	814,256	-	814,256
Total noncurrent assets	<u>1,231,796</u>	<u>3,140</u>	<u>1,234,936</u>
Total assets	<u>2,813,335</u>	<u>51,964</u>	<u>2,865,299</u>
Deferred outflows of resources:			
Deferred outflows of resources - pension	<u>190,281</u>	<u>-</u>	<u>190,281</u>
Liabilities:			
Current liabilities:			
Accounts payable	24,574	-	24,574
Accrued payroll	36,750	-	36,750
Due to other governments	108,424	-	108,424
Unearned revenue	1,334	-	1,334
Current portion of accrued rent	28,346	-	28,346
Current portion of note payable	25,326	-	25,326
Total current liabilities	<u>224,754</u>	<u>-</u>	<u>224,754</u>
Noncurrent liabilities:			
Other postemployment benefit obligations	5,123	-	5,123
Accrued rent	170,079	-	170,079
Note payable	102,438	-	102,438
Net pension liability	41,897	-	41,897
Total noncurrent liabilities	<u>319,537</u>	<u>-</u>	<u>319,537</u>
Total liabilities	<u>544,291</u>	<u>-</u>	<u>544,291</u>
Deferred inflows of resources:			
Deferred inflows of resources - pension	<u>639,255</u>	<u>-</u>	<u>639,255</u>
Net position:			
Investment in capital assets	289,776	3,140	292,916
Restricted - other	1,030,320	-	1,030,320
Unrestricted	499,974	48,824	548,798
Total net position	<u>\$ 1,820,070</u>	<u>\$ 51,964</u>	<u>\$ 1,872,034</u>

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2016**

Functions/Programs:	Program Revenues		Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,028,935	\$ -	\$ 1,009,883	\$ (19,052)	\$ -	\$ (19,052)
Purchased services	307,209	-	280,799	(26,410)	-	(26,410)
Supplies and materials	101,744	-	100,360	(1,384)	-	(1,384)
Capital outlay	7,647	-	7,543	(104)	-	(104)
Payments to other governments	288,453	-	284,530	(3,923)	-	(3,923)
Other objects	3,655	-	1,321	(2,334)	-	(2,334)
Depreciation	62,914	-	-	(62,914)	-	(62,914)
Debt Service:						
Interest on long-term lease liability	7,594	-	-	(7,594)	-	(7,594)
Administrative:						
On-behalf payments	463,801	-	-	(463,801)	-	(463,801)
Total governmental activities	<u>2,271,952</u>	<u>-</u>	<u>1,684,436</u>	<u>(587,516)</u>	<u>-</u>	<u>(587,516)</u>
Business-type activities:						
Registration fees	20,543	25,621	-	-	5,078	5,078
Tuition	11,415	10,337	-	-	(1,078)	(1,078)
Total Business-type Activities	<u>31,958</u>	<u>35,958</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total Primary Government	<u>\$ 2,303,910</u>	<u>\$ 35,958</u>	<u>\$ 1,684,436</u>	<u>(587,516)</u>	<u>4,000</u>	<u>(583,516)</u>
General revenues:						
Local sources				300,274	-	300,274
On-behalf payments				463,801	-	463,801
Interest				373	-	373
Pension benefit				256,154	-	256,154
Total general revenues				<u>1,020,602</u>	<u>-</u>	<u>1,020,602</u>
Change in net position				433,086	4,000	437,086
Net position - beginning of year, restated				<u>1,386,984</u>	<u>47,964</u>	<u>1,434,948</u>
Net position - ending				<u>\$ 1,820,070</u>	<u>\$ 51,964</u>	<u>\$ 1,872,034</u>

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016**

	General Fund	Education Fund	Institute Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,141,668	\$ 11,353	\$ 86,416
Investments	-	-	77,657
Accounts receivable	1,414	-	-
Due from other funds	50,766	-	-
Due from other governments	7,182	171,990	160
Prepaid expenses	34,223	689	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,235,253</u>	<u>\$ 184,032</u>	<u>\$ 164,233</u>
<b>Liabilities:</b>			
Accounts payable	\$ 20,376	\$ 1,000	\$ 2,500
Accrued payroll and employee benefits	19,649	17,101	-
Due to other funds	835	50,044	-
Due to other governments	-	105,837	2,587
Unearned revenue	-	1,334	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>40,860</u>	<u>175,316</u>	<u>5,087</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	23,884	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund balances (deficits):</b>			
Nonspendable	180,615	689	-
Restricted	-	8,027	159,146
Assigned	388,195	-	-
Unassigned	625,583	(23,884)	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficits)	<u>1,194,393</u>	<u>(15,168)</u>	<u>159,146</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>			
	<u>\$ 1,235,253</u>	<u>\$ 184,032</u>	<u>\$ 164,233</u>

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016**

	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 20,346	\$ -	\$ 1,259,783
Investments	25,733	-	103,390
Accounts receivable	-	-	1,414
Due from other funds	1,564	(51,806)	524
Due from other governments	2,184	-	181,516
Prepaid expenses	-	-	34,912
	<u>49,827</u>	<u>(51,806)</u>	<u>1,581,539</u>
<b>Total assets</b>	<b>\$ 49,827</b>	<b>\$ (51,806)</b>	<b>\$ 1,581,539</b>
<b>Liabilities:</b>			
Accounts payable	\$ 698	\$ -	\$ 24,574
Accrued payroll and employee benefits	-	-	36,750
Due to other funds	927	(51,806)	-
Due to other governments	-	-	108,424
Unearned revenue	-	-	1,334
	<u>1,625</u>	<u>(51,806)</u>	<u>171,082</u>
<b>Total liabilities</b>	<b>1,625</b>	<b>(51,806)</b>	<b>171,082</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	-	23,884
	<u>-</u>	<u>-</u>	<u>23,884</u>
<b>Fund balances (deficits):</b>			
Nonspendable	-	-	181,304
Restricted	48,202	-	215,375
Assigned	-	-	388,195
Unassigned	-	-	601,699
	<u>48,202</u>	<u>-</u>	<u>1,386,573</u>
<b>Total fund balances (deficits)</b>	<b>48,202</b>	<b>-</b>	<b>1,386,573</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 49,827</b>	<b>\$ (51,806)</b>	<b>\$ 1,581,539</b>

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**June 30, 2016**

Total fund balance - governmental funds	\$	1,386,573
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		417,540
Accrued rent reflects rent expense in excess of rental payments that are recognized as an expense when paid in the fund financial statements. The Statement of Activities amortizes the total payments over the life of the rental agreement.		(198,425)
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 in the governmental funds.		23,884
Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds. Net pension asset		814,256
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:		
Deferred outflows of resources	190,281	
Deferred inflows of resources	<u>(639,255)</u>	(448,974)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Other postemployment benefit obligations	(5,123)	
Note payable	(127,764)	
Net pension liability	<u>(41,897)</u>	<u>(174,784)</u>
Net position of governmental activities	\$	<u><u>1,820,070</u></u>

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



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2016**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 184,925	\$ 25,000	\$ 77,590	\$ 12,759	\$ 300,274
State sources	1,127,952	344,670	-	2,004	1,474,626
Federal sources	-	185,926	-	-	185,926
On-behalf payments	258,834	-	-	-	258,834
Interest	233	-	128	12	373
<b>Total revenues</b>	<b>1,571,944</b>	<b>555,596</b>	<b>77,718</b>	<b>14,775</b>	<b>2,220,033</b>
<b>Expenditures:</b>					
Instructional services:					
Salaries and benefits	594,315	423,949	-	5,548	1,023,812
Purchased services	234,376	43,563	40,931	6,732	325,602
Supplies and materials	88,183	4,298	-	9,263	101,744
Payments to other governments	182,616	105,837	-	-	288,453
Other objects	1,339	-	2,316	-	3,655
Pension expense	24,931	16,504	-	-	41,435
On-behalf payments	258,834	-	-	-	258,834
Capital outlay	7,647	-	-	-	7,647
<b>Total expenditures</b>	<b>1,392,241</b>	<b>594,151</b>	<b>43,247</b>	<b>21,543</b>	<b>2,051,182</b>
<b>Net change in fund balances</b>	<b>179,703</b>	<b>(38,555)</b>	<b>34,471</b>	<b>(6,768)</b>	<b>168,851</b>
Fund balances, beginning of year, restated	1,014,690	23,387	124,675	54,970	1,217,722
<b>Fund balances (deficit), end of year</b>	<b>\$ 1,194,393</b>	<b>\$ (15,168)</b>	<b>\$ 159,146</b>	<b>\$ 48,202</b>	<b>\$ 1,386,573</b>

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS**

**For the year ended June 30, 2016**

Net change in fund balances		\$ 168,851
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<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 expense		(62,914)
<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 in the governmental funds.</p>		
		23,884
<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>		
Cash paid to lessor	\$ 88,047	
Amortization of prepaid expense	2,000	
Amortization of rent expense	(71,654)	
Interest paid on long-term lease liability	(7,594)	
	10,799	
<p>The increase in OPEB obligations resulting from annual required contributions in excess of the actual contributions did not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>		
		(5,123)
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense (benefit).</p>		
Pension contributions	\$ 41,435	
Cost of benefits earned, net	256,154	
	297,589	
Change in net position of governmental activities		\$ 433,086

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016**

	Business-type Activities - Nonmajor Enterprise Funds	
	Criminal Backgrounds	Grundy County Summer School
Assets:		
Current assets:		
Cash and cash equivalents	\$ 31,468	\$ 6,442
Accounts receivable	50	-
Total current assets	31,518	6,442
Noncurrent assets:		
Capital assets, net	3,140	-
Total assets	34,658	6,442
Liabilities:		
Current liabilities:		
Due to other funds	-	-
Net position:		
Investment in capital assets	3,140	-
Unrestricted	31,518	6,442
Total net position	\$ 34,658	\$ 6,442

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016**

	Business-type Activities - Nonmajor Enterprise Funds		
	Will County Summer School	Professional Teaching and Training Center	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 348	\$ 11,040	\$ 49,298
Accounts receivable	-	-	50
Total current assets	348	11,040	49,348
Noncurrent assets:			
Capital assets, net	-	-	3,140
Total assets	348	11,040	52,488
Liabilities:			
Current liabilities:			
Due to other funds	-	524	524
Net position:			
Investment in capital assets	-	-	3,140
Unrestricted	348	10,516	48,824
Total net position	\$ 348	\$ 10,516	\$ 51,964

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Business-type Activities - Nonmajor Enterprise Funds	
	Criminal Backgrounds	Grundy County Summer School
Operating revenues:		
Charges for services:		
Tuition	\$ -	\$ 10,337
Registration fees	16,183	-
	16,183	-
Total operating revenues	16,183	10,337
Operating expenses:		
Salaries and benefits	-	8,326
Purchased services	11,072	1,077
Supplies and materials	-	2,012
Depreciation	3,141	-
	14,213	11,415
Total operating expenses	14,213	11,415
Change in net position	1,970	(1,078)
Net position - beginning of year	32,688	7,520
Net position - end of year	\$ 34,658	\$ 6,442

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Business-type Activities - Nonmajor Enterprise Funds		Totals
	Will County Summer School	Professional Teaching and Training Center	
Operating revenues:			
Charges for services:			
Tuition	\$ -	\$ -	\$ 10,337
Registration fees	-	9,438	25,621
Total operating revenues	-	9,438	35,958
Operating expenses:			
Salaries and benefits	-	6,330	14,656
Purchased services	-	-	12,149
Supplies and materials	-	-	2,012
Depreciation	-	-	3,141
Total operating expenses	-	6,330	31,958
Change in net position	-	3,108	4,000
Net position - beginning of year	348	7,408	47,964
Net position - end of year	\$ 348	\$ 10,516	\$ 51,964

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Business-type Activities -	
	Nonmajor Enterprise Funds	
	Criminal Backgrounds	Grundy County Summer School
Cash flows from operating activities:		
Receipts from customers	\$ 16,133	\$ 10,337
Payments to suppliers and providers of goods and services	(11,072)	(3,089)
Payments to employees	-	(8,326)
	5,061	(1,078)
Net cash provided by (used for) operating activities	5,061	(1,078)
Cash flows from noncapital financing activities:		
Proceeds from interfund borrowing, net	-	-
Net cash provided by noncapital financing activities	-	-
Net increase (decrease) in cash and cash equivalents	5,061	(1,078)
Cash and cash equivalents - beginning of year	26,407	7,520
Cash and cash equivalents - end of year	\$ 31,468	\$ 6,442
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,970	\$ (1,078)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	3,141	-
Increase in:		
Accounts receivable	(50)	-
Net cash provided by (used for) operating activities	\$ 5,061	\$ (1,078)

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2016**

	Business-type Activities -		Totals
	Nonmajor Will County Summer School	Enterprise Funds Professional Teaching and Training Center	
Cash flows from operating activities:			
Receipts from customers	\$ -	\$ 9,438	\$ 35,908
Payments to suppliers and providers of goods and services	-	-	(14,161)
Payments to employees	-	(6,330)	(14,656)
Net cash provided by (used for) operating activities	-	3,108	7,091
Cash flows from noncapital financing activities:			
Proceeds from interfund borrowing, net	-	524	524
Net cash provided by noncapital financing activities	-	524	524
Net increase (decrease) in cash and cash equivalents	-	3,632	7,615
Cash and cash equivalents - beginning of year	348	7,408	41,683
Cash and cash equivalents - end of year	\$ 348	\$ 11,040	\$ 49,298
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ -	\$ 3,108	\$ 4,000
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	-	3,141
Increase in:			
Accounts receivable	-	-	(50)
Net cash provided by (used for) operating activities	\$ -	\$ 3,108	\$ 7,091

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



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2016**

	<u>Private-Purpose Scholarship Funds</u>			<u>Agency Funds</u>
	<u>Martha Slyther Scholarship Fund</u>	<u>Community Foundation Scholarship Fund</u>	<u>Total</u>	
Assets:				
Cash and cash equivalents	\$ 15,353	\$ 500	\$ 15,853	\$ 49,845
Due from other governments	-	-	-	1,040,440
Total assets	<u>\$ 15,353</u>	<u>\$ 500</u>	<u>\$ 15,853</u>	<u>\$ 1,090,285</u>
Liabilities:				
Due to other governments	\$ -	\$ -	\$ -	\$ 1,090,285
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,090,285</u>
Net position:				
Reserved for scholarships	<u>\$ 15,353</u>	<u>\$ 500</u>	<u>\$ 15,853</u>	

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the year ended June 30, 2016**

	<u>Private-Purpose Scholarship Funds</u>		<u>Total</u>
	<u>Martha Slyther Scholarship Fund</u>	<u>Community Foundation Scholarship Fund</u>	
Additions:			
Interest	\$ 1	\$ -	\$ 1
Total Additions	<u>1</u>	<u>-</u>	<u>1</u>
Deductions:			
Service charges	50	-	50
Scholarships and awards	<u>3,000</u>	<u>500</u>	<u>3,500</u>
Total Deductions	<u>3,050</u>	<u>500</u>	<u>3,550</u>
Change in net position	<u>(3,049)</u>	<u>(500)</u>	<u>(3,549)</u>
Net position - beginning of year, restated	<u>18,402</u>	<u>1,000</u>	<u>19,402</u>
Net position, end of year	<u>\$ 15,353</u>	<u>\$ 500</u>	<u>\$ 15,853</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education No. 24's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education No. 24 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Grundy and Kendall counties.

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

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

The Regional Office of Education No. 24 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 24 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 24's financial statements. In addition, the Regional Office of Education No. 24 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 24 being considered a component unit of the entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The Statement of Net Position includes all of the Regional Office of Education No. 24's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as, payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 24 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 24's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 24's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

**1. Governmental Funds**

The Regional Office of Education No. 24 reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Regional Office of Education No. 24 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 24. Included in this fund are:

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**1. Governmental Funds** (Continued)

**General Fund** (Continued)

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

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

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

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

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

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

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

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

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**1. Governmental Funds** (Continued)

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

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

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

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

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

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

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

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

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

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



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**1. Governmental Funds** (Continued)

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

The Regional Office of Education No. 24 reports the following nonmajor governmental funds:

**Nonmajor Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Included among these funds are:

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

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

**2. Proprietary Fund**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 24 reports the following nonmajor proprietary funds:

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

**Grundy County Summer School** – This fund accounts for revenues and expenditures associated with summer school programs conducted by the Grundy and Kendall Counties Regional Office of Education No. 24.

**Will County Summer School** – This fund accounts for revenues and expenditures associated with Will County summer school programs conducted by the Grundy and Kendall Counties Regional Office of Education No. 24.

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**3. Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 24 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**Private Purpose Scholarship Funds** – Private purpose scholarship funds are used to account for assets held by Regional Office of Education No. 24 under trust agreements which require income earned to be used to benefit individuals through scholarship awards. Private purpose scholarship funds include the following:

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

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

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

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

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**1. Deposits and Investments**

The Regional Office of Education No. 24 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of 90 days or less to be cash and cash equivalents. State regulations require that Regional Office of Education No. 24 deposit funds under its control into accounts insured by the federal governments, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 24 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

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

**3. Capital assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Office equipment and furniture	5-10
Leasehold improvements	15

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**4. Deferred Outflows of Resources and Deferred Inflows of Resources**

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

**Deferred Inflows of Resources** – Deferred inflows of resources represent an acquisition of net position 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 on the Governmental Funds Balance Sheet consist of grant receivables not collected within sixty days after the year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**5. Equity Classifications**

**Government-wide and Proprietary Fund Statements**

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

**Net investment in capital assets** - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings 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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**5. Equity Classifications** (Continued)

**Governmental Fund Statements**

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

**Nonspendable Fund Balance** - the portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. A portion of the fund balance for the General School Fund, Grundy/Kendall Counties State Aid, WIA Grant, and Regional Safe School are presented as nonspendable. These nonspendable fund balances are for prepaid expenses. In addition, a portion of the fund balance for Grundy/Kendall Counties State Aid is presented as nonspendable. This nonspendable fund balance is to be maintained in a separate Strict Joint Order Escrow investment account as required by a lease the Regional Office entered into during fiscal year 2012.

**Restricted Fund Balance** - the portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements or contracts: WIA Grant, Will County Truants Alternative Optional Education Program, No Tolerance Task Force, Fairmont Literacy Program, and Title II – Teacher Quality – Leadership Grant. The following funds are restricted by Illinois Statute: Institute, School Bus Driver Training, and General Education Development.

**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: Illinois Tobacco, Grundy /Kendall Counties State Aid, Premier Local Revenue, and No Tolerance Task Force.

**Unassigned Fund Balance** - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of General School Fund, Payroll, Interest, Grundy County Health Department, In Touch Local, Truants Alternative Optional Education Program, and Regional Safe School.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

**6. 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.

**E. New Accounting Pronouncements**

In 2016, the Regional Office of Education No. 24 implemented Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application*, 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*. These Statements had no impact on the financial statements of the Regional Office of Education No. 24.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education No. 24 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from State and federal agencies, primarily the Illinois State Board of Education, are prepared and submitted to the granting agencies for approval as part of the grant awards process. The granting agencies must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: WIA Grant, Truants Alternative Optional Education Program, ROE/ISC Operations, Title II - Teacher Quality Leadership Grant, and Regional Safe School.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**3. USE OF ESTIMATES**

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

**4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS**

The Regional Office of Education No. 24 has agreements with all districts in the region whereby the Regional Office of Education No. 24 is allowed to keep the interest received on Distributive Fund receipts for expenditures benefiting all districts.

**5. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2016, the carrying amount of the Regional Office of Education No. 24's governmental activities, business-type activities, and fiduciary funds were \$1,361,488, \$49,298, and \$65,698, respectively. The bank balances totaled \$1,553,217, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 24's name, and were, therefore, not exposed to custodial credit risk.

**B. Investments**

The Regional Office of Education No. 24's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$103,390 shown as investments for governmental activities. Certificates of deposit are considered deposits and, as such, are included in the deposits note (5A) above.

At June 30, 2016, the carrying amount of the Regional Office of Education No. 24's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$1,685. The bank balance invested in the Illinois Funds Money Market Fund was \$36,435. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 24's governmental activities.

**Credit Risk**

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

**Interest Rate Risk**

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

**Concentration of Credit Risk**

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.

**6. RISK MANAGEMENT - CLAIMS AND JUDGMENTS**

The Regional Office of Education No. 24 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 24 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

**7. CONTINGENCIES**

The Regional Office of Education No. 24 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 24 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 24's operations.

**8. BOND**

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 24 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 24 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**9. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 35,688	\$ -	\$ -	\$ 35,688
Leasehold improvements	450,000	-	-	450,000
Building improvements	<u>146,949</u>	<u>-</u>	<u>-</u>	<u>146,949</u>
Total assets	<u>632,637</u>	<u>-</u>	<u>-</u>	<u>632,637</u>
Less accumulated depreciation for:				
Equipment	(10,627)	(4,050)	-	(14,677)
Leasehold improvements	(109,843)	(42,519)	-	(152,362)
Building improvements	<u>(31,713)</u>	<u>(16,345)</u>	<u>-</u>	<u>(48,058)</u>
Total accumulated depreciation	<u>(152,183)</u>	<u>(62,914)</u>	<u>-</u>	<u>(215,097)</u>
Governmental activities capital assets, net	<u>\$ 480,454</u>	<u>\$ (62,914)</u>	<u>\$ -</u>	<u>\$ 417,540</u>
<b>Business-type Activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 15,706	\$ -	\$ -	\$ 15,706
Less accumulated depreciation for:				
Equipment	<u>(9,425)</u>	<u>(3,141)</u>	<u>-</u>	<u>(12,566)</u>
Business-type activities capital assets, net	<u>\$ 6,281</u>	<u>\$ (3,141)</u>	<u>\$ -</u>	<u>\$ 3,140</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 24 as follows:

Governmental Activities:	
Instructional services	<u>\$ 62,914</u>
Business-type activities:	
Registration fees	<u>\$ 3,141</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS**

**A. Teachers' Retirement System of the State of Illinois**

**Plan Description**

The employer 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.

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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

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

**Contributions** (Continued)

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 No. 24.

*On behalf contributions to TRS* – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 24. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education No. 24 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 24, and the Regional Office of Education No. 24 recognized revenue and expenditures of \$204,967 in pension contributions from the State of Illinois.

*2.2 formula contributions* – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$2,222, 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 No. 24, there is a statutory requirement for the Regional Office of Education No. 24 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 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, there were no salaries paid from federal and special trust funds that required employer contributions.

*Employer retirement cost contributions* – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 24 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education No. 24 made no payments to TRS for employer ERO contributions.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

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

**Contributions** (Continued)

The Regional Office of Education No. 24 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education No. 24 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the Regional Office of Education No. 24 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 41,897
State's proportionate share of the net pension liability associated with the employer	<u>2,501,777</u>
 Total	 <u><u>\$2,543,674</u></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 No. 24's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 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 No. 24's proportion was 0.0000639544 percent, which was an increase of 0.0000012321 percent from its proportion measured as of June 30, 2014.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

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

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

For the year ended June 30, 2016, the Regional Office of Education No. 24 recognized pension expense of \$204,967 and revenue of \$204,967 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 24 recognized a pension expense of \$1,665. At June 30, 2016, the Regional Office of Education No. 24 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 16	\$ 46
Changes of assumptions	579	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	627	5,812
Net difference between projected and actual earnings on pension plan investments	830	1,467
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	2,052	7,325
<b>Pension Contributions made Subsequent to the Measurement Date</b>	<b>2,222</b>	<b>-</b>
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ 4,274</b>	<b>\$ 7,325</b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

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

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

\$2,222 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2017	\$ (1,844)
2018	(1,844)
2019	(1,844)
2020	<u>259</u>
Total	<u>\$ (5,273)</u>

**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%
Salary increases	varies by the amount of service credit
Investment rate of return	7.50%, 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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

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

**Actuarial Assumptions** (Continued)

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>Portfolio Target Percentage</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%
Total	<u>100%</u>	

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**A. 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 benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 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 No. 24's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education'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 No. 24'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% Lower (6.47%)	Current Discount (7.47%)	1% Higher (8.47%)
Employer's proportionate share of net pension liability	\$ 51,774	\$ 41,897	\$ 33,797

**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*.



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS (Continued)**

**B. Illinois Municipal Retirement Fund**

**Change in Employer Demographics**

The Regional Office of Education has not reported the full amount of the actuarially provided balances for pension activity related to the Illinois Municipal Retirement Fund (IMRF). In previous years, the Kendall County Special Ed Co-op had employees that were included on the Illinois Municipal Retirement Fund actuary report for the Regional Office of Education No. 24. During the current fiscal year, the Kendall County Special Ed Co-op obtained its own IMRF account number and all of its employees were transferred to the new account number. These employees were included in the actuary report for the Regional Office as inactive employees. Management has elected to allocate a portion of the actuarially calculated balances to the government wide Statement of Net Position and Statement of Activity based upon employer contributions made during the year ended December 31, 2015.

**IMRF Plan Description**

The Regional Office of Education No. 24's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 24's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent 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 percent of the original amount on January 1 every year after retirement.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Benefits Provided** (Continued)

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

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

**Employees Covered by Benefit Terms**

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

Retirees and beneficiaries currently receiving benefits	74
Inactive Plan Members entitled to but not yet receiving benefits	401
Active Plan Members	16
<b>Total</b>	<b>491</b>

**Contributions**

As set by statute, the Regional Office of Education No. 24's Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 24's annual contribution rate for calendar year 2015 was 8.33 percent. For the calendar year ended December 31, 2015, the Regional Office of Education No. 24 contributed \$39,187 to the plan. The Regional Office of Education No. 24 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education No. 24'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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**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 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Actuarial Assumptions** (Continued)

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

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
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%	

**Single Discount Rate**

A Single Discount Rate of 7.50 percent 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 percent, the municipal bond rate is 3.57 percent, and the resulting single discount rate is 7.50 percent.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 812,375	\$ 827,060	\$ (14,685)
<b>Changes for the year:</b>			
Service Cost	88,545	-	88,545
Interest on the Total Pension Liability	122,830	-	122,830
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(975,386)	-	(975,386)
Changes of Assumption	-	-	-
Contributions - Employer	-	39,187	(39,187)
Contributions - Employees	-	22,305	(22,305)
Net Investment Income	-	(32,550)	32,550
Benefit Payments, including Refunds			
of Employee Contributions	(42,280)	(42,280)	-
Other (Net Transfer)	-	6,618	(6,618)
Net Changes	<u>(806,291)</u>	<u>(6,720)</u>	<u>(799,571)</u>
<b>Balances at December 31, 2015</b>	<u>\$ 6,084</u>	<u>\$ 820,340</u>	<u>\$ (814,256)</u>

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

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

	1% Lower <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Higher <u>(8.50%)</u>
<b>Net Pension Liability</b>	<u>\$ (720,108)</u>	<u>\$ (814,256)</u>	<u>\$ (888,659)</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

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

For the year ended June 30, 2016, the Regional Office of Education No. 24 recognized a pension benefit of \$257,819. At June 30, 2016, the Regional Office of Education No. 24 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ -	\$ 631,930
Changes of assumptions	30,939	-
Net difference between projected and actual earnings on pension plan investments	152,707	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	183,646	631,930
<b>Pension Contributions made Subsequent to the Measurement Date</b>	2,361	-
<b>Total Deferred Amounts Related to Pensions</b>	\$ 186,007	\$ 631,930

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**10. RETIREMENT FUND COMMITMENTS** (Continued)

**B. Illinois Municipal Retirement Fund** (Continued)

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

\$2,361 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017.

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:

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2016	\$ (295,473)
2017	(229,188)
2018	44,441
2019	31,936
Total	\$ (448,284)

**C. Social Security**

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS**

**A. Teacher Health Insurance Security Fund**

The Regional Office of Education No. 24 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

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

*On behalf contributions to the THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 24. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$4,099, and the Regional Office of Education No. 24 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 24 employees were \$3,942 and \$3,743, respectively.

*Employer contributions to the THIS Fund* - The Regional Office of Education No. 24 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year end June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 24 paid \$3,065 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 24 paid \$2,936 and \$2,778 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**B. Other postemployment benefits – health insurance**

**Plan Description**

In addition to providing the pension benefits described, the Regional Office of Education No. 24 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Regional Office of Education No. 24 and can be amended by the Regional Office of Education No. 24 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Regional Office of Education No. 24 governmental funds.

**Benefits Provided**

The Regional Office of Education No. 24 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education No. 24 retirement plan. Upon a retiree reaching 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 No. 24 insurance provider.

**Membership**

At June 30, 2016 membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	1
Active nonvested plan members	8
Total	11
Number of participating employers	1

**Funding Policy**

The Regional Office of Education No. 24 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**B. Other postemployment benefits – health insurance (Continued)**

**Annual OPEB Costs and net OPEB Obligation**

The Regional Office of Education No. 24 had an actuarial valuation performed for the plan as of June 30, 2016 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 No. 24's annual OPEB cost (expense) of \$372 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2009. The Regional Office of Education No. 24'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, 2014	\$ 2,835	\$ -	0%	\$ 5,097
June 30, 2015	2,835	-	0%	7,932
June 30, 2016	372	3,181	855%	5,123

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

Annual required contribution	\$ 319
Interest on net OPEB obligation	317
Adjustment to annual required contribution	<u>(264)</u>
Annual OPEB cost	372
Contributions made	<u>(3,181)</u>
Decrease in net OPEB obligation	(2,809)
Net OPEB obligation, beginning of year	<u>7,932</u>
Net OPEB obligation, end of year	<u><u>\$ 5,123</u></u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**11. OTHER POSTEMPLOYMENT BENEFITS** (Continued)

**B. Other postemployment benefits – health insurance** (Continued)

**Funded Status and Funding Progress**

The funded status of the plan was as follows:

	<b>Fiscal Year</b>	
	<b>2016</b>	<b>2015</b>
Actuarial Accrued Liability (AAL)	\$ 8,086	\$ 24,454
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	8,086	24,454
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ 801,602	\$ 537,315
UAAL as a Percentage of Covered Payroll	1.01%	4.55%

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, 2016 and 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a discount rate of 4.00% and initial healthcare cost trend rates of 7.80% for PPO plans and 6.80% for HMO plans grading uniformly over 10 years to an ultimate healthcare inflation rate of 5.00%. Both rates include a 2.50% inflation assumption. The actuarial value of assets was not determined as the Regional Office of Education No. 24 has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a level-percent-of-pay method. The remaining amortization period at June 30, 2016 and 2015 was 30 years.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**12. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2016, interfund receivables and payables were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 50,766	\$ 835
Education Fund	-	50,044
Nonmajor Special Revenue	1,564	927
Proprietary	-	524
	\$ 52,330	\$ 52,330

All of the interfund balances due to the General Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds. The remaining balances consist of funds that were collected at one Regional Office location and have yet to be remitted to the other Regional Office location.

**13. OPERATING LEASE/ACCRUED RENT**

On June 25, 2012, the Regional Office entered into a lease agreement for a new alternative school location. The lease term is July 1, 2015 through June 30, 2023. The agreement provides for a four-year extensions and the landlord is to make certain leasehold improvements to the structure. The agreement required the Regional Office to place the sum of \$494,802 into a Strict Joint Order Escrow investment account upon execution of the lease. This amount will be decreased by base rent of \$31,714 each year. In fiscal year 2017, there is an additional rental payment of \$100,000. This will increase each year by the Consumer Price Index for all Urban Consumers (CPI-U).

Rental expense for the year ended June 30, 2016 was \$90,047.

Future minimum rentals for the year ending June 30 are:

For the Year Ending June 30,	Amount
2017	\$ 100,000
2018	100,000
2019	100,000
2020	100,000
2021	100,000
2022-2023	200,000
	\$ 700,000

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**13. OPERATING LEASE/ACCRUED RENT (Continued)**

According to GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, if an operating lease contains payment requirements in a particular year that are artificially low (for example, to ease the lessee's near-term cash flow requirements), governmental entities should measure the operating lease transactions either on a straight-line basis over the lease term or based on the estimated fair value of the rental.

The Regional Office of Education No. 24 entered into a lease transaction on June 25, 2012 that did not require a rental payment until the fiscal year ended June 30, 2016. This rental agreement does not meet the criteria of systematic and rational. An accrued rent has been recorded to account for the excess rent expense incurred greater than the cash paid. This is accounted for in the government-wide Statement of Net Position and Statement of Activities.

The accrued rental activity associated with this operating lease for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Governmental Funds	\$ 185,105	\$ 71,653	\$ 58,333	\$ 198,425

**14. NOTE PAYABLE**

The Regional Office of Education No. 24 had the following loan at June 30, 2016:

Governmental Activities:

Loan from the landlord of the above mentioned lease dated June 25, 2012 in the amount of \$450,000 to finance the leasehold improvements at the alternative school location. It is payable in annual installments of \$31,714 with a maturity date of December 31, 2020.

\$ 127,764

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**14. NOTE PAYABLE** (Continued)

Debt service requirements to maturity for governmental activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 25,326	\$ 6,388	\$ 31,714
2018	26,592	5,122	31,714
2019	27,922	3,792	31,714
2020	29,318	2,396	31,714
2021	18,606	930	19,536
Total Payments	<u>\$ 127,764</u>	<u>\$ 18,628</u>	<u>\$ 146,392</u>

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Governmental Funds	<u>\$ 151,883</u>	<u>\$ -</u>	<u>\$ 24,119</u>	<u>\$ 127,764</u>

**15. DEFICIT FUND BALANCES/NET POSITION**

The following individual funds carried the following deficit balances as of June 30, 2016:

Truants Alternative Optional Education Program	\$12,153
Regional Safe School	\$11,183

The Regional Office of Education No. 24 anticipates collecting revenue not yet “available” to reduce the deficit fund balance.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**16. DUE TO/DUE FROM OTHER GOVERNMENTS**

The Regional Office of Education No. 24's General Fund, Education Fund, Institute Fund, Nonmajor Special Revenue Funds, and Agency Fund had funds due from/to various other governmental units which consisted of the following at June 30, 2016:

Due From Other Governments:

General Fund:

Local governments	\$ 6,141
Illinois State Board of Education	1,041
	\$ 7,182

Education Fund:

Illinois State Board of Education	\$ 171,990
	\$ 171,990

Institute Fund:

Local governments	\$ 160
	\$ 160

Nonmajor Special Revenue Funds:

Local governments	\$ 180
Illinois State Board of Education	2,004
	\$ 2,184

Agency Fund:

Illinois State Board of Education	\$ 1,040,440
	\$ 1,040,440

Due To Other Governments:

Education Fund:

Local governments	\$ 105,837
	\$ 105,837

Institute Fund:

Local governments	\$ 2,587
	\$ 2,587

Agency Fund:

Local governments	\$ 1,090,285
	\$ 1,090,285

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**17. ON-BEHALF PAYMENTS**

The Regional Office of Education No. 24 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

State of Illinois	
Regional Superintendent - salary	\$ 112,008
Assistant Regional Superintendent - salary	100,812
Regional Superintendent Fringe Benefit (includes State paid insurance)	35,582
Assistant Regional Superintendent Fringe Benefit (includes State paid insurance)	6,333
THIS contributions	4,099
Total	\$ 258,834

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. The on-behalf payments are reflected as revenues and expenditures of the General Fund.

The Regional Office of Education No. 24 also recorded \$204,967 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 24 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	\$ 258,834
ROE No. 24's share of TRS pension expense	204,967
Total	\$ 463,801



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**NOTES TO FINANCIAL STATEMENTS**

**18. PRIOR PERIOD ADJUSTMENT**

The Regional Office of Education No. 24 has restated net position of the governmental activities and fund balance of the fund financial statements for the General Fund and Institute Fund as of June 30, 2015. The Regional Office of Education No. 24 has restated beginning net position in the Fiduciary Funds for the Martha Slyther Scholarship Fund. These restatements are reported as a correction of an error in a prior period.

	Governmental Activities
Net position at June 30, 2015	\$ 1,406,096
Capitalization of leasehold improvement	450,000
Depreciation of leasehold improvement	(109,843)
Record escrow lease liability	(151,883)
Record accrued rent payable	(185,105)
Correction of prior year misposting	(22,281)
Net position restated at June 30, 2015	\$ 1,386,984
	General Fund
Fund balance at June 30, 2015	\$ 1,028,271
Correction of prior year misposting	(13,581)
Fund balance restated at June 30, 2015	\$ 1,014,690
	Institute Fund
Fund balance at June 30, 2015	\$ 133,375
Correction of prior year misposting	(8,700)
Fund balance restated at June 30, 2015	\$ 124,675
	Martha Slyther Scholarship Fund
Net position at June 30, 2015	\$ 17,402
Correction of prior year misposting	1,000
Net position restated at June 30, 2015	\$ 18,402

**REQUIRED SUPPLEMENTARY INFORMATION**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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

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

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 88,545	\$ 49,429
Interest on the Total Pension Liability	122,830	53,931
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(975,386)	(3,501)
Changes of Assumptions	-	28,754
Benefit Payments, including Refunds of Employee Contributions	(42,280)	(20,708)
<b>Net Change in Total Pension Liability</b>	<u>(806,291)</u>	<u>107,905</u>
<b>Total Pension Liability - Beginning</b>	<u>812,375</u>	<u>704,470</u>
<b>Total Pension Liability - Ending (A)</b>	<u>6,084</u>	<u>812,375</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	39,187	38,190
Contributions - Employees	22,305	19,699
Net Investment Income	(32,550)	36,598
Benefit Payments, including Refunds of Employee Contributions	(42,280)	(20,708)
Other (Net Transfer)	6,618	(483)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(6,720)</u>	<u>73,296</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>827,060</u>	<u>753,764</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>820,340</u>	<u>827,060</u>
 <b>Net Pension Liability (Asset)- Ending (A) - (B)</b>	<u>\$ (814,256)</u>	<u>\$ (14,685)</u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	13483.56%	101.81%
 <b>Covered Valuation Payroll</b>	\$ 470,559	\$ 425,003
 <b>Net Pension Liability (Asset) as a Percentage of Covered Valuation Payroll</b>	(173.04)%	(3.46)%

**Notes to Schedule:**

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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

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

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 39,245	\$ 39,187	\$ 58	\$470,559	8.33%
2014	35,573	38,190	(2,617)	425,003	8.99%

**Notes to Schedule:**

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate\***

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	28-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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

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

**Notes to Schedule:** (Continued)

**Other Information:**

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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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

	2015	2014
Employer's proportion of the net pension liability	0.0000639544%	0.0000627223%
Employer's proportionate share of the net pension liability	\$ 41,897	\$ 38,172
State's proportionate share of the net pension liability associated with the employer	2,501,777	2,380,426
<b>Total</b>	<b>\$ 2,543,674</b>	<b>\$ 2,418,598</b>
Employer's covered-employee payroll	\$ 386,370	\$ 385,853
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.8%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

**Notes to Schedule:**

**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 a salary increase assumption that varies 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.

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

**For the year ended June 30,**

<b>Year Ended June 30,</b>	<b>Statutorily Required Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2016	\$ 2,222	\$ 2,222	\$ -	\$ 383,091	0.58%
2015	2,241	2,241	-	386,370	0.58%
2014	2,238	2,238	-	385,853	0.58%

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

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
June 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
6/30/16	\$ -	\$ 8,086	\$ 8,086	0.00%	\$801,602	1.01%
6/30/15	-	24,454	24,454	0.00%	537,315	4.55%
6/30/14	-	24,454	24,454	0.00%	344,844	7.09%



**SUPPLEMENTARY INFORMATION**

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2016**

	General School Fund	Payroll	Interest
<b>Assets:</b>			
Cash and cash equivalents	\$ 565,225	\$ 1,808	\$ 58
Accounts receivable	1,414	-	-
Due from other funds	50,044	722	-
Due from other governments	206	5,900	-
Prepaid expenses	132	-	-
<b>Total assets</b>	<b>\$ 617,021</b>	<b>\$ 8,430</b>	<b>\$ 58</b>
<b>Liabilities:</b>			
Accounts payable	\$ 55	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	835	-	-
<b>Total liabilities</b>	<b>890</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>			
Nonspendable	132	-	-
Assigned	-	-	-
Unassigned	615,999	8,430	58
<b>Total fund balances</b>	<b>616,131</b>	<b>8,430</b>	<b>58</b>
<b>Total liabilities and fund balances</b>	<b>\$ 617,021</b>	<b>\$ 8,430</b>	<b>\$ 58</b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2016**

	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,745	\$ 45	\$ 555,867
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	1,041	35
Prepaid expenses	-	-	34,091
	<u>3,745</u>	<u>1,086</u>	<u>589,993</u>
<b>Total assets</b>	<b>\$ 3,745</b>	<b>\$ 1,086</b>	<b>\$ 589,993</b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 20,321
Accrued payroll	-	-	19,649
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>39,970</u>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>39,970</b>
<b>Fund balances:</b>			
Nonspendable	-	-	180,483
Assigned	3,745	-	369,540
Unassigned	-	1,086	-
	<u>3,745</u>	<u>1,086</u>	<u>550,023</u>
<b>Total fund balances</b>	<b>3,745</b>	<b>1,086</b>	<b>550,023</b>
<b>Total liabilities and     fund balances</b>	<b>\$ 3,745</b>	<b>\$ 1,086</b>	<b>\$ 589,993</b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2016**

	Premier Local Revenue	No Tolerance Task Force	In Touch Local	Totals
<b>Assets:</b>				
Cash and cash equivalents	\$ 10,844	\$ 4,066	\$ 10	\$ 1,141,668
Accounts receivable	-	-	-	1,414
Due from other funds	-	-	-	50,766
Due from other governments	-	-	-	7,182
Prepaid expenses	-	-	-	34,223
<b>Total assets</b>	<b>\$ 10,844</b>	<b>\$ 4,066</b>	<b>\$ 10</b>	<b>\$ 1,235,253</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 20,376
Accrued payroll	-	-	-	19,649
Due to other funds	-	-	-	835
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,860</b>
<b>Fund balances:</b>				
Nonspendable	-	-	-	180,615
Assigned	10,844	4,066	-	388,195
Unassigned	-	-	10	625,583
<b>Total fund balances</b>	<b>10,844</b>	<b>4,066</b>	<b>10</b>	<b>1,194,393</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,844</b>	<b>\$ 4,066</b>	<b>\$ 10</b>	<b>\$ 1,235,253</b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2016**

	General School Fund	Payroll	Interest
<b>Revenues:</b>			
Local sources	\$ 52,651	\$ 124,958	\$ -
State sources	-	-	-
On-behalf payments	258,834	-	-
Interest	233	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	311,718	124,958	-
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Salaries and benefits	-	110,129	-
Purchased services	31,492	1,255	-
Supplies and materials	3,221	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
On-behalf payments	258,834	-	-
Pension expense	-	9,044	-
Capital outlay	1,209	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	294,756	120,428	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	16,962	4,530	-
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year, restated	599,169	3,900	58
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 616,131	\$ 8,430	\$ 58
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2016**

	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid
Revenues:			
Local sources	\$ 943	\$ -	\$ -
State sources	-	6,912	1,121,040
On-behalf payments	-	-	-
Interest	-	-	-
Total revenues	<u>943</u>	<u>6,912</u>	<u>1,121,040</u>
Expenditures:			
Salaries and benefits	-	5,158	479,028
Purchased services	-	308	197,370
Supplies and materials	-	-	81,217
Payments to other governments	-	-	182,616
Other objects	-	-	-
On-behalf payments	-	-	-
Pension expense	-	405	15,482
Capital outlay	-	-	6,438
Total expenditures	<u>-</u>	<u>5,871</u>	<u>962,151</u>
Net change in fund balances	<u>943</u>	<u>1,041</u>	<u>158,889</u>
Fund balances, beginning of year, restated	<u>2,802</u>	<u>45</u>	<u>391,134</u>
Fund balances, end of year	<u>\$ 3,745</u>	<u>\$ 1,086</u>	<u>\$ 550,023</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2016**

	Premier Local Revenue	No Tolerance Task Force	In Touch Local	Totals
Revenues:				
Local sources	\$ 6,208	\$ 165	\$ -	\$ 184,925
State sources	-	-	-	1,127,952
On-behalf payments	-	-	-	258,834
Interest	-	-	-	233
	<u>6,208</u>	<u>165</u>	<u>-</u>	<u>1,571,944</u>
Total revenues				
Expenditures:				
Salaries and benefits	-	-	-	594,315
Purchased services	3,526	425	-	234,376
Supplies and materials	3,427	306	12	88,183
Payments to other governments	-	-	-	182,616
Other objects	1,339	-	-	1,339
On-behalf payments	-	-	-	258,834
Pension expense	-	-	-	24,931
Capital outlay	-	-	-	7,647
	<u>8,292</u>	<u>731</u>	<u>12</u>	<u>1,392,241</u>
Total expenditures				
Net change in fund balances	<u>(2,084)</u>	<u>(566)</u>	<u>(12)</u>	<u>179,703</u>
Fund balances, beginning of year, restated	<u>12,928</u>	<u>4,632</u>	<u>22</u>	<u>1,014,690</u>
Fund balances, end of year	<u>\$ 10,844</u>	<u>\$ 4,066</u>	<u>\$ 10</u>	<u>\$ 1,194,393</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2016**

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program
Assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 204
Due from other governments	17,447	24,306	-
Prepaid expenses	141	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 17,588</u>	<u>\$ 24,306</u>	<u>\$ 204</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	8,285	-
Due to other funds	16,537	16,021	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>16,537</u>	<u>24,306</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	-	12,153	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficits):			
Nonspendable	141	-	-
Restricted	910	-	204
Unassigned	-	(12,153)	-
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<u>1,051</u>	<u>(12,153)</u>	<u>204</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 17,588</u>	<u>\$ 24,306</u>	<u>\$ 204</u>



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2016**

	No Tolerance Task Force	McKinney-Vento Education for Homeless Children and Youth	ROE/ISC Operations
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,469	\$ 1,334	\$ -
Due from other governments	-	-	105,837
Prepaid expenses	-	-	-
<b>Total assets</b>	<b>\$ 4,469</b>	<b>\$ 1,334</b>	<b>\$ 105,837</b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	2,840	-	-
Due to other funds	-	-	-
Due to other governments	-	-	105,837
Unearned revenue	-	1,334	-
<b>Total liabilities</b>	<b>2,840</b>	<b>1,334</b>	<b>105,837</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	-	-
<b>Fund balances (deficits):</b>			
Nonspendable	-	-	-
Restricted	1,629	-	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>1,629</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 4,469</b>	<b>\$ 1,334</b>	<b>\$ 105,837</b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2016**

	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Regional Safe School	Totals
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,442	\$ 3,904	\$ -	\$ 11,353
Due from other governments	-	938	23,462	171,990
Prepaid expenses	-	-	548	689
<b>Total assets</b>	<b>\$ 1,442</b>	<b>\$ 4,842</b>	<b>\$ 24,010</b>	<b>\$ 184,032</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,000	\$ -	\$ 1,000
Accrued payroll	-	-	5,976	17,101
Due to other funds	-	-	17,486	50,044
Due to other governments	-	-	-	105,837
Unearned revenue	-	-	-	1,334
<b>Total liabilities</b>	<b>-</b>	<b>1,000</b>	<b>23,462</b>	<b>175,316</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	11,731	23,884
<b>Fund balances (deficits):</b>				
Nonspendable	-	-	548	689
Restricted	1,442	3,842	-	8,027
Unassigned	-	-	(11,731)	(23,884)
<b>Total fund balances (deficits)</b>	<b>1,442</b>	<b>3,842</b>	<b>(11,183)</b>	<b>(15,168)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 1,442</b>	<b>\$ 4,842</b>	<b>\$ 24,010</b>	<b>\$ 184,032</b>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	121,528	-
Federal sources	148,433	-	-
<b>Total revenues</b>	<b>148,433</b>	<b>121,528</b>	<b>-</b>
<b>Expenditures:</b>			
Salaries and benefits	131,177	129,181	-
Purchased services	6,222	3,830	-
Supplies and materials	3,523	-	-
Payments to other governments	-	-	-
Pension expense	8,388	2,300	-
<b>Total expenditures</b>	<b>149,310</b>	<b>135,311</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(877)</b>	<b>(13,783)</b>	<b>-</b>
Fund balances, beginning of year	1,928	1,630	204
Fund balances (deficits), end of year	\$ 1,051	\$ (12,153)	\$ 204

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	No Tolerance Task Force	McKinney-Vento Education for Homeless Children and Youth	ROE/ISC Operations
Revenues:			
Local sources	\$ 25,000	\$ -	\$ -
State sources	-	-	105,837
Federal sources	-	30,550	-
	<u>25,000</u>	<u>30,550</u>	<u>105,837</u>
Total revenues			
	<u>25,000</u>	<u>30,550</u>	<u>105,837</u>
Expenditures:			
Salaries and benefits	31,309	14,343	-
Purchased services	2,011	15,432	-
Supplies and materials	-	775	-
Payments to other governments	-	-	105,837
Pension expense	2,497	-	-
	<u>35,817</u>	<u>30,550</u>	<u>105,837</u>
Total expenditures			
	<u>35,817</u>	<u>30,550</u>	<u>105,837</u>
Net change in fund balances			
	<u>(10,817)</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year			
	<u>12,446</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year			
	<u>\$ 1,629</u>	<u>\$ -</u>	<u>\$ -</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2016**

	Fairmont <u>Literacy Program</u>	Title II - Teacher Quality - <u>Leadership Grant</u>	Regional <u>Safe Schools</u>	<u>Totals</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 25,000
State sources	-	-	117,305	344,670
Federal sources	-	6,943	-	185,926
	<u>-</u>	<u>6,943</u>	<u>-</u>	<u>185,926</u>
Total revenues	<u>-</u>	<u>6,943</u>	<u>117,305</u>	<u>555,596</u>
Expenditures:				
Salaries and benefits	-	-	117,939	423,949
Purchased services	-	7,372	8,696	43,563
Supplies and materials	-	-	-	4,298
Payments to other governments	-	-	-	105,837
Pension expense	-	-	3,319	16,504
	<u>-</u>	<u>-</u>	<u>3,319</u>	<u>16,504</u>
Total expenditures	<u>-</u>	<u>7,372</u>	<u>129,954</u>	<u>594,151</u>
			-	
Net change in fund balances	<u>-</u>	<u>(429)</u>	<u>(12,649)</u>	<u>(38,555)</u>
Fund balances, beginning of year	<u>1,442</u>	<u>4,271</u>	<u>1,466</u>	<u>23,387</u>
Fund balances (deficits), end of year	<u>\$ 1,442</u>	<u>\$ 3,842</u>	<u>\$ (11,183)</u>	<u>\$ (15,168)</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
WIA GRANT**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 159,794	\$ 159,794	\$ 148,433
Total revenues	159,794	159,794	148,433
Expenditures:			
Salaries and benefits	121,679	121,679	131,177
Purchased services	29,125	29,125	6,222
Supplies and materials	1,990	1,990	3,523
Indirect costs	7,000	7,000	-
Pension expense	-	-	8,388
Total expenditures	159,794	159,794	149,310
Net change in fund balance	\$ -	\$ -	(877)
Fund balance, beginning of year			1,928
Fund balance, end of year			\$ 1,051

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 133,681	\$ 133,681	\$ 121,528
Total revenues	<u>133,681</u>	<u>133,681</u>	<u>121,528</u>
Expenditures:			
Salaries and benefits	130,468	130,468	129,181
Purchased services	3,213	3,213	3,830
Pension expense	<u>-</u>	<u>-</u>	<u>2,300</u>
Total expenditures	<u>133,681</u>	<u>133,681</u>	<u>135,311</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(13,783)
Fund balance, beginning of year			<u>1,630</u>
Fund balance (deficit), end of year			<u>\$ (12,153)</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 71,378	\$ 105,837	\$ 105,837
Total revenues	71,378	105,837	105,837
Expenditures:			
Payments to other governments	71,378	105,837	105,837
Total expenditures	71,378	105,837	105,837
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -



**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II – TEACHER QUALITY – LEADERSHIP GRANT (2015)  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 8,301	\$ 8,209	\$ 188
Total revenues	<u>8,301</u>	<u>8,209</u>	<u>188</u>
Expenditures:			
Purchased services	<u>8,301</u>	<u>8,209</u>	<u>188</u>
Total expenditures	<u>8,301</u>	<u>8,209</u>	<u>188</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>4,271</u>
Fund balance, October 31, 2015			<u>\$ 4,271</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE II – TEACHER QUALITY – LEADERSHIP GRANT (2016)  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 6,755	\$ 6,755	\$ 6,755
Total revenues	6,755	6,755	6,755
Expenditures:			
Purchased services	6,755	6,755	7,184
Total expenditures	6,755	6,755	7,184
Net change in fund balance	\$ -	\$ -	(429)
Fund balance, November 1, 2015			4,271
Fund balance, end of year			\$ 3,842

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOL  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 129,036	\$ 129,036	\$ 117,305
Total revenues	<u>129,036</u>	<u>129,036</u>	<u>117,305</u>
Expenditures:			
Salaries and benefits	120,509	121,041	117,939
Purchased services	8,527	7,995	8,696
Pension expense	<u>-</u>	<u>-</u>	<u>3,319</u>
Total expenditures	<u>129,036</u>	<u>129,036</u>	<u>129,954</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(12,649)
Fund balance, beginning of year			<u>1,466</u>
Fund balance (deficit), end of year			<u>\$ (11,183)</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2016**

	<u>School Bus Driver Training</u>	<u>General Education Development</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 14,757	\$ 5,589	\$ 20,346
Investments	25,733	-	25,733
Due from other funds	-	1,564	1,564
Due from other governments	2,184	-	2,184
Total assets	<u>\$ 42,674</u>	<u>\$ 7,153</u>	<u>\$ 49,827</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 698	\$ 698
Due to other funds	722	205	927
Total liabilities	<u>722</u>	<u>903</u>	<u>1,625</u>
<b>Fund balances:</b>			
Restricted	<u>41,952</u>	<u>6,250</u>	<u>48,202</u>
Total liabilities and fund balances	<u>\$ 42,674</u>	<u>\$ 7,153</u>	<u>\$ 49,827</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2016**

	School Bus Driver Training	General Education Development	Totals
Revenues:			
Local sources	\$ 6,785	\$ 5,974	\$ 12,759
State sources	2,004	-	2,004
Interest	12	-	12
	8,801	5,974	14,775
Total revenues			
Expenditures:			
Salaries and benefits	4,850	698	5,548
Purchased services	2,835	3,897	6,732
Supplies and materials	9,263	-	9,263
	16,948	4,595	21,543
Total expenditures			
Net change in fund balances	(8,147)	1,379	(6,768)
Fund balances, beginning of year	50,099	4,871	54,970
Fund balances, end of year	\$ 41,952	\$ 6,250	\$ 48,202

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
June 30, 2016**

	Distributive Fund	Outdoor Education Cooperative	Totals
<b>Assets:</b>			
Cash and cash equivalents	\$ 49,845	\$ -	\$ 49,845
Due from other governments	1,040,440	-	1,040,440
Total assets	\$ 1,090,285	\$ -	\$ 1,090,285
<b>Liabilities:</b>			
Due to other governments	\$ 1,090,285	\$ -	\$ 1,090,285
Total liabilities	\$ 1,090,285	\$ -	\$ 1,090,285

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**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>Distributive Fund</u>				
Assets:				
Cash and cash equivalents	\$ 75,267	\$ 11,046,590	\$ 11,072,012	49,845
Due from other governments	15	1,040,440	15	1,040,440
Total assets	<u>\$ 75,282</u>	<u>\$ 12,087,030</u>	<u>\$ 11,072,027</u>	<u>\$ 1,090,285</u>
Liabilities:				
Due to other governments	<u>\$ 75,282</u>	<u>\$ 12,087,030</u>	<u>\$ 11,072,027</u>	<u>\$ 1,090,285</u>
Total liabilities	<u>\$ 75,282</u>	<u>\$ 12,087,030</u>	<u>\$ 11,072,027</u>	<u>\$ 1,090,285</u>
<u>Outdoor Education Cooperative</u>				
Assets:				
Cash and cash equivalents	\$ 2,475	\$ 110,533	\$ 113,008	\$ -
Due from other governments	213	-	213	-
Total assets	<u>\$ 2,688</u>	<u>\$ 110,533</u>	<u>\$ 113,221</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ 2,688</u>	<u>\$ 110,533</u>	<u>\$ 113,221</u>	<u>\$ -</u>
Total liabilities	<u>\$ 2,688</u>	<u>\$ 110,533</u>	<u>\$ 113,221</u>	<u>\$ -</u>
<u>Totals</u>				
Assets:				
Cash and cash equivalents	\$ 77,742	\$ 11,157,123	\$ 11,185,020	\$ 49,845
Due from other governments	228	1,040,440	228	1,040,440
Total assets	<u>\$ 77,970</u>	<u>\$ 12,197,563</u>	<u>\$ 11,185,248</u>	<u>\$ 1,090,285</u>
Liabilities:				
Due to other governments	<u>\$ 77,970</u>	<u>\$ 12,197,563</u>	<u>\$ 11,185,248</u>	<u>\$ 1,090,285</u>
Total liabilities	<u>\$ 77,970</u>	<u>\$ 12,197,563</u>	<u>\$ 11,185,248</u>	<u>\$ 1,090,285</u>

**GRUNDY AND KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the year ended June 30, 2016**

	<b>Regional Office of Education No. 24</b>	<b>Kendall County Special Ed.</b>	<b>Grundy/ Kendall General School Fund</b>	<b>Total</b>
Federal Special Education - IDEA Flow Through	\$ -	\$ 5,032,314	\$ -	\$ 5,032,314
Special Education Personnel	-	3,970,477	-	3,970,477
Lunch and Breakfast	-	257	-	257
National School Lunch	-	15,786	-	15,786
National School Breakfast	-	8,418	-	8,418
General State Aid	1,072,086	-	-	1,072,086
General State Aid - Loss Limit	48,955	-	-	48,955
Truants Alternative	133,681	-	-	133,681
Regional Safe School	139,326	-	-	139,326
Medicaid Matching Fund	-	564,384	-	564,384
Fed. Spec. Ed. Pre School	-	54,323	-	54,323
Teacher Quality	188	-	-	188
Teacher Quality - Leadership	5,817	-	-	5,817
Transfer to ROE General Fund	-	-	26,000	26,000
Totals	<u>\$ 1,400,053</u>	<u>\$ 9,645,959</u>	<u>\$ 26,000</u>	<u>\$ 11,072,012</u>