

**STATE OF ILLINOIS
CLAY, CRAWFORD, JASPER, LAWRENCE, AND
RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**FINANCIAL AUDIT
For the year ended June 30, 2015**

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
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**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

OFFICIALS

Regional Superintendent (Current and during the audit period).....Mr. Monte Newlin
Assistant Regional Superintendent (Current and during the audit period).....Mr. Corrie Ray

Offices are located at:

Clay County
111 East Chestnut Street
Louisville, IL 62858

Crawford County
301 South Cross Street
Suite 211
Robinson, IL 62454

Jasper County
204 West Washington Street
Suite 3
Newton, IL 62448

Lawrence County
1100 State Street
Lower Level
Lawrenceville, IL 62439

Richland County
103 West Main Street
Third Floor
Olney, IL 62450

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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	2	-
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	-	-

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2015-001	10	Controls over Financial Statement Preparation	Material Weakness
2015-002	12	Employee Use of ROE Credit Cards	Significant Deficiency

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2014.

EXIT CONFERENCE

The Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2015. 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 Crystal Smith, accountant, via email on March 18, 2016.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education No. 12's basic financial statements.

WEST & COMPANY, LLC

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&
CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, paragraph E in the notes to the financial statements, the Regional Office of Education No. 12 adopted GASB Statement 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 No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedule of Employer's Proportionate Share of the Net Pension Liability, and Teacher's Retirement System of the State of Illinois – Schedule of Employer Contributions on pages 57 - 61 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 Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements 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, and the combining fund financial statements 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, and the combining fund financial statements 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, 2016 on our consideration of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's internal control over financial reporting and compliance.

West & Company, LLC

Mattoon, Illinois
May 11, 2016

WEST & COMPANY, LLC

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

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's basic financial statements, and have issued our report thereon dated May 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's internal control.

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

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

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as finding 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12'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. 12's Response to Findings

The Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12'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 Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West & Company, LLC

Mattoon, Illinois
May 11, 2016

SCHEDULE OF FINDINGS AND RESPONSES

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2015

Section I – Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNMODIFIED

Internal control over financial reporting:

- Material weakness identified?

X yes no

- Significant deficiency(ies) identified?

X yes none reported

Noncompliance material to financial
statements noted?

 yes X no

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2015**

Section II – Financial Statement Findings

Finding No. 2015-001 – Controls over Financial Statement Preparation

Criteria/Specific Requirement:

The Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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 ROE does not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis 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.

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.

Effect:

The ROE's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2015**

Section II – Financial Statement Findings (Continued)

Finding No. 2015-001 – Controls over Financial Statement Preparation (Continued)

Cause:

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

Auditors' Recommendation:

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

Management's Response:

The Regional Office of Education No. 12 acknowledges the finding for lack of internal controls with financial statement preparation in regards to GASB 68 and GASB 71. The ROE was under the assumption that the required information would be reported by TRS and IMRF. Due to the complex requirements of these GASB statements, the ROE was unable to get staff trained in time to prepare the June 30, 2015 financial statement disclosures. The ROE will attempt to correct this finding going forward.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2015**

Section II – Financial Statement Findings (Continued)

Finding No. 2015-002 – Employee Use of ROE Credit Cards

Criteria/Specific Requirement:

Internal controls should ensure that expenses incurred by the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office No. 12 (ROE) are adequately documented, incurred for a business purpose, and represent economical and effective use of ROE resources.

Condition:

The ROE has six (6) credit cards, two (2) of which are used by the Regional Superintendent. During our testing of ROE credit card expenditures, we found personal expenses of the Regional Superintendent charged to both cards at various times throughout the year. These expenses were paid in full by the Regional Superintendent with personal checks written to the credit card companies. The ROE maintained copies of the personal checks and the related charge receipts with the credit card statements. Personal expenses charged to each of the cards in fiscal year 2015 amounted to \$1,562 and \$669, for a total of \$2,231.

Effect:

Lack of adequate controls increases the susceptibility of ROE funds for questionable activities or abuse. Commingling personal and Regional Office expenditures exposes the Regional Office to potential liability for any personal charges made on the account.

Cause:

Management was unaware these activities were not acceptable business practices.

Auditors' Recommendation:

The Regional Office should adopt a policy which prohibits the use of ROE credit cards for personal expenses.

Management's Response:

The Regional Office of Education No. 12 did not realize that this was not an acceptable practice as the Regional Superintendent paid all personal expenses when the credit card payment was due.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2015**

Corrective Action Plan

FINDING NO. 2015-001 – Controls over Financial Statement Preparation

Condition:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis 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.

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 pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Plan:

The Regional Office of Education No. 12 will seek staff training on GASB 68 and GASB 71 reporting.

Anticipated Date of Completion:

The Regional Office of Education No. 12 anticipates correcting this finding going forward.

Name of Contact Person:

Mr. Monte Newlin, Regional Superintendent

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

CORRECTIVE ACTION PLAN FOR CURRENT YEAR
AUDIT FINDINGS
For the year ended June 30, 2015

Corrective Action Plan (Continued)

Finding No. 2015-002 – Employee Use of ROE Credit Cards

Condition:

The ROE has six (6) credit cards, two (2) of which are used by the Regional Superintendent. During our testing of ROE credit card expenditures, we found personal expenses of the Regional Superintendent charged to both cards at various times throughout the year. These expenses were paid in full by the Regional Superintendent with personal checks written to the credit card companies. The ROE maintained copies of the personal checks and the related charge receipts with the credit card statements. Personal expenses charged to each of the cards in fiscal year 2015 amounted to \$1,562 and \$669, for a total of \$2,231.

Plan:

The Regional Superintendent no longer charges any personal expenses on the ROE credit cards.

Anticipated Date of Completion:

Immediately

Name of Contact Person:

Mr. Monte Newlin, Regional Superintendent

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2015**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
----------------------------------	-------------------------	------------------------------

No findings were noted for the year ended June 30, 2014.

BASIC FINANCIAL STATEMENTS

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**STATEMENT OF NET POSITION
June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,906,383	\$ 39,588	\$ 1,945,971
Due from other governments	29,740	1,435	31,175
Total current assets	<u>1,936,123</u>	<u>41,023</u>	<u>1,977,146</u>
Noncurrent assets:			
Capital assets, net	<u>37,818</u>	<u>1,415</u>	<u>39,233</u>
Total noncurrent assets	<u>37,818</u>	<u>1,415</u>	<u>39,233</u>
Total assets	<u>1,973,941</u>	<u>42,438</u>	<u>2,016,379</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	<u>68,394</u>	<u>-</u>	<u>68,394</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>5,096</u>	<u>-</u>	<u>5,096</u>
Total current liabilities	<u>5,096</u>	<u>-</u>	<u>5,096</u>
Noncurrent liabilities:			
Net pension liability	<u>148,623</u>	<u>-</u>	<u>148,623</u>
Total noncurrent liabilities	<u>148,623</u>	<u>-</u>	<u>148,623</u>
Total liabilities	<u>153,719</u>	<u>-</u>	<u>153,719</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	<u>113,218</u>	<u>-</u>	<u>113,218</u>
NET POSITION			
Invested in capital assets	37,818	1,415	39,233
Restricted - other	37,688	-	37,688
Unrestricted	<u>1,699,892</u>	<u>41,023</u>	<u>1,740,915</u>
Total net position	<u>\$ 1,775,398</u>	<u>\$ 42,438</u>	<u>\$ 1,817,836</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,870,564	\$ 6,198	\$ 29,621	\$ -	\$ 1,906,383
Due from other funds	25,838	-	-	(25,838)	-
Due from other governments	96	29,636	8	-	29,740
Total assets	<u>\$ 1,896,498</u>	<u>\$ 35,834</u>	<u>\$ 29,629</u>	<u>\$ (25,838)</u>	<u>\$ 1,936,123</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,166	\$ 1,930	\$ -	\$ -	\$ 5,096
Due to other funds	-	25,838	-	(25,838)	-
Total liabilities	<u>3,166</u>	<u>27,768</u>	<u>-</u>	<u>(25,838)</u>	<u>5,096</u>
FUND BALANCES					
Restricted	-	8,059	29,629	-	37,688
Assigned	1,678,510	7	-	-	1,678,517
Unassigned	214,822	-	-	-	214,822
Total fund balances	<u>1,893,332</u>	<u>8,066</u>	<u>29,629</u>	<u>-</u>	<u>1,931,027</u>
Total liabilities and fund balances	<u>\$ 1,896,498</u>	<u>\$ 35,834</u>	<u>\$ 29,629</u>	<u>\$ (25,838)</u>	<u>\$ 1,936,123</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

Total fund balance – governmental funds		\$ 1,931,027
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 68,394	
Deferred inflows of resources	<u>(113,218)</u>	(44,824)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		(148,623)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		<u>37,818</u>
Net position of governmental activities		<u><u>\$ 1,775,398</u></u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2015**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Revenues:					
Local sources	\$ 239,097	\$ 28,289	\$ 22,675	\$ -	\$ 290,061
State sources	217,574	1,061,205	908	-	1,279,687
Federal sources	-	96,164	-	-	96,164
Interest	4,729	67	24	-	4,820
On-behalf payments	270,470	-	-	-	270,470
Total revenues	731,870	1,185,725	23,607	-	1,941,202
Expenditures:					
Instructional services:					
Salaries and benefits	310,090	721,071	5,981	-	1,037,142
Purchased services	66,458	148,663	4,094	-	219,215
Supplies and materials	7,607	125,318	757	-	133,682
Payments to other governments	20,320	134,058	-	-	154,378
Other objects	3,221	20	-	-	3,241
Pension expense	26,908	48,529	831	-	76,268
On-behalf payments	270,470	-	-	-	270,470
Capital outlay	4,590	11,913	-	-	16,503
Total expenditures	709,664	1,189,572	11,663	-	1,910,899
Excess (deficiency) of revenues over (under) expenditures	22,206	(3,847)	11,944	-	30,303
Other financing sources (uses):					
Transfers in	-	487	-	(487)	-
Transfers out	(487)	-	-	487	-
Total other financing sources (uses)	(487)	487	-	-	-
Net changes in fund balances	21,719	(3,360)	11,944	-	30,303
Fund balances, beginning of year	1,871,613	11,426	17,685	-	1,900,724
Fund balances, end of year	<u>\$ 1,893,332</u>	<u>\$ 8,066</u>	<u>\$ 29,629</u>	<u>\$ -</u>	<u>\$ 1,931,027</u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the year ended June 30, 2015**

Net changes in fund balances – governmental funds	\$	30,303
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<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.</p>		
Pension contributions	\$ 76,268	
Pension expense	<u>(157,159)</u>	\$ (80,891)
<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>		
Capital outlay	\$ 16,503	
Depreciation expense	<u>(13,193)</u>	3,310
<p>Governmental funds report capital outlays as expenditures at the time of purchase; therefore, when an asset is disposed of in a noncash transaction it is not reflected in the governmental funds financial statements at the time of disposal. However, in the Statement of Activities the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of capital assets.</p>		
		<u>(474)</u>
Change in net position of governmental activities	\$	<u><u>(47,752)</u></u>

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015**

	Busines-Type Activities
	Local
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 39,588
Due from other governments	1,435
Total current assets	41,023
Noncurrent assets:	
Capital assets, net	1,415
Total assets	42,438
NET POSITION	
Invested in capital assets	1,415
Unrestricted	41,023
Total net postion	\$ 42,438

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the year ended June 30, 2015**

	Busines-Type Activities
	Local
Operating revenues:	
Charges for services	\$ 46,475
Operating expenses:	
Salaries and benefits	5,023
Purchased services	30,913
Supplies and materials	2,148
Payments to other governments	822
Depreciation	679
Total operating expenses	39,585
Operating income	6,890
Nonoperating revenues:	
Investment income	141
Change in net postion	7,031
Net postion, beginning of year	35,407
Net position, end of year	\$ 42,438

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the year ended June 30, 2015**

	Busines-Type Activities
	Local
Cash flows from operating activities:	
Receipts from customers	\$ 45,790
Payments to suppliers and providers of goods and services	(33,883)
Payments to employees	(5,023)
Net cash provided by operating activities	6,884
Cash flows from investing activities:	
Interest received	141
Net increase in cash and cash equivalents	7,025
Cash and cash equivalents - beginning	32,563
Cash and cash equivalents- ending	\$ 39,588
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 6,890
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Depreciation expense	679
Increase in due from other governments	(685)
Net cash provided by operating activities	\$ 6,884

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

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,553
LIABILITIES	
Accounts payable	\$ 2,463
Due to other governments	<u>90</u>
Total liabilities	<u>\$ 2,553</u>

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

NOTES TO FINANCIAL STATEMENTS

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 12'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. 12 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Clay, Crawford, Jasper, Lawrence, and Richland 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. 12 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. 12 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. 12's financial statements. In addition, the Regional Office of Education No. 12 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 12 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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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. 12'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 major proprietary fund and nonmajor funds aggregated.

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

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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. 12 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 is 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. 12'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. 12'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. 12 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 12 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. 12. Included in this fund are:

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

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 State Aid - Truant Alternative/Optional Education – To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Truant Alternative School.

General State Aid - Regional Safe Schools – To account for General State Aid received from the Illinois State Board of Education Based on the average daily attendance at the Regional Safe School.

Special Projects – To account for monies used to provide numerous services to the administrators, staff, and students within the Regional Office of Education No. 12.

Office – To account for the expenditures and payroll for the five Regional Offices of Education No. 12 offices.

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:

Early Childhood - Preschool for All – To provide funds for early childhood and family education programs and services that will help young children enter school ready to learn. This program provides beginning teachers with practical strategies for dealing with early career challenges, resources, and a network of colleagues who are also entering the teaching profession.

McKinney Education for Homeless Children – To account for monies received and expended assisting school districts in identifying and providing assistance to at-risk students. This program offers services to homeless children and youth primarily who are of school age. Pre-school aged children also receive services to ensure access to early childhood and pre-school programs.

Rural Education Achievement Program (REAP) – To account for funding from the US Department of Education that is designed to assist rural school districts in using federal resources more effectively to improve the quality of instruction and student academic achievement.

Regional Safe Schools – To work with students in grades 6-12 who have been suspended multiple times or expelled from school, allowing them to continue their education. It accounts for aid provided by the State based on students that attend the Regional Educational Alternative for Developing Youth and Alternative School programs.

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

Education Fund (Continued)

ROE/ISC Operations –To account for the funding of the Regional Office of Education No. 12 pursuant to the Illinois Administrative Code which mandates the Regional Office to provide professional development activities in the fundamental learning areas, gifted education, administrators' academy, school improvement, technology, and other activities based upon the needs of local school districts and State and federal mandates.

State and Federal Lunch and Breakfast – To account for monies used to provide breakfast and lunch to students enrolled in the Regional Office of Education No. 12's Truant Alternative/Optional Education and Regional Safe Schools Program.

System of Support (RESPRO) – To provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students have not made adequate yearly progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

Technology for Success – To account for grant monies received from the Illinois Board of Education to provide technology direction and support for Area 6 North Schools.

Title II - Teacher Quality Leadership – To account for Title II Teacher Quality Leadership grant from the State to improve teacher effectiveness in the classroom.

Truants Alternative/Optional Education – To account for prevention and intervention services, which include case management, home visits, school visits, student advocacy, wraparound, referrals to community agencies, and technical assistance to individual school districts and the community.

The Regional Office of Education No. 12 reports the following nonmajor governmental funds:

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:

General Education Development (GED) – To account for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

School Bus Driver Transportation – To account for the stewardship of the assets held in connection with the Bus Driver Training Program.

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

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)

Special Revenue Funds (Continued)

Institute – To account for the stewardship of the assets held for the benefit of the teachers. Fees are collected from registration of teachers' licenses. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

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. 12 reports the following nonmajor proprietary fund:

Local Fund - To account for the workshop fees of the Regional Office of Education No. 12.

3. **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 12 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds - Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities) and do not involve measurements of results of operations.

Regional Board of Trustees - To account for monies received from individuals filing petitions requesting change of boundary hearings with the Regional Board of School Trustees. Monies are expended to cover hearing expenses.

School Facility Occupation Tax - To account for assets held by the Regional Office of Education No. 12 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facility Occupation Tax and are forwarded directly to the school districts.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The Regional Office of Education No. 12 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. 12 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. 12 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 \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

NOTES TO FINANCIAL STATEMENTS

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

D. **Assets, Liabilities, and Net Position or Equity** (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 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 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.

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12

NOTES TO FINANCIAL STATEMENTS

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

D. **Assets, Liabilities, and Net Position or Equity** (Continued)

5. **Equity Classifications** (Continued)

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 Balance Sheet for Governmental Funds and Combining Schedule of Accounts:

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

Restricted Fund Balance - the portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions. The following account's fund balances are restricted by grant agreements or contracts: Technology for Success. The following funds are restricted by Illinois Statute: General Education Development, School Bus Transportation, and Institute.

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: General State Aid - Truant Alternative/Optional Education, General State Aid - Regional Safe Schools, and State and Federal Lunch and Breakfast program.

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 the Special Projects and Office funds.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

6. Compensated Absences

Full-time non-certified and certified employees who work 12 calendar months earn up to 20 vacation days. As a matter of general practice, vacation days do not carry over from one year to the next; therefore, no liability is accrued.

In addition to vacation days, all regular, full-time employees are granted three personal business leave days per year. Any unused personal leave days are carried over to the following year as accumulated sick leave. All regular, full-time employees receive up to 14 sick days annually and the unused portion is accumulated up to 221 days for IMRF eligible employees and up to 340 days for TRS eligible employees. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

E. New Accounting Pronouncements

In 2015, the Regional Office of Education No. 12 implemented Governmental Accounting Standards Board (GASB) Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This Statement had no impact on the financial statements of the Regional Office of Education No. 12. The Regional Office of Education also implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements improve accounting and financial reporting by the Regional Office for pensions by including pension related balances and activity on the Statement of Net Position and the Statement of Activities.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 12 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: Early Childhood - Preschool for All, McKinney Education for Homeless Children, Regional Safe Schools, ROE/ISC Operations, System of Support (RESPRO), Technology for Success, Title II - Teacher Quality Leadership, and Truants Alternative/Optional Education.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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

Interest on Fiduciary Fund receipts is retained by the Regional Office of Education No. 12.

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2015, the carrying amount of the Regional Office of Education No. 12's governmental activities, business-type activities, and fiduciary funds were \$1,896,517, \$39,588, and \$2,553, respectively. The bank balances totaled \$2,057,324 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. 12's name, and were, therefore, not exposed to custodial credit risk.

B. Investments

At June 30, 2015, the carrying amount of the Regional Office of Education No. 12's deposits in the Illinois Funds Money Market Fund for the governmental activities was \$9,866. The bank balance invested in the Illinois Funds Money Market Fund was \$9,866. 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. 12's governmental activities.

Credit Risk

At June 30, 2015, 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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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. 12 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. 12 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. 12 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. 12 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 12's operations.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 234,864	\$ 16,503	\$ 15,890	\$ 235,477
Less accumulated depreciation for:				
Office equipment	<u>(199,882)</u>	<u>(13,193)</u>	<u>(15,416)</u>	<u>(197,659)</u>
Governmental activities capital assets, net	<u>\$ 34,982</u>	<u>\$ 3,310</u>	<u>\$ 474</u>	<u>\$ 37,818</u>
 Business-type activities:				
Capital assets being depreciated:				
Office equipment	\$ 3,395	\$ -	\$ -	\$ 3,395
Less accumulated depreciation for:				
Office equipment	<u>(1,301)</u>	<u>(679)</u>	<u>-</u>	<u>(1,980)</u>
Business-type activities capital assets, net	<u>\$ 2,094</u>	<u>\$ (679)</u>	<u>\$ -</u>	<u>\$ 1,415</u>

Depreciation expense was charged to functions/programs of the Regional Office of Education No. 12 as follows:

Governmental activities:	
Instructional services	<u>\$ 13,193</u>
Business-type activities:	
Operating expenses	<u>\$ 679</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. 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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. 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, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 12.

On behalf contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 12. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education No. 12 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 12, and the Regional Office of Education No. 12 recognized revenue and expenditures of \$58,754 in pension contributions from the State of Illinois.

2.2 formula contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$3,070, and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and special trust fund contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 12, there is a statutory requirement for the Regional Office of Education No. 12 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year, ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, 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. 12 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education No. 12 made no payments to TRS for employer ERO contributions.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

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

Contributions (Continued)

The Regional Office of Education No. 12 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education No. 12 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, 2015, the Regional Office of Education No. 12 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	\$ 11,702
State's proportionate share of the net pension liability associated with the employer	729,764
	\$ 741,466

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education No. 12's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education No. 12's proportion was 0.0000192287 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education No. 12's proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education No. 12's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the Regional Office of Education No. 12's proportion was 0.0002426431 percent.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

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

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

For the year ended June 30, 2015, the Regional Office of Education No. 12 recognized pension expense of \$58,754 and revenue of \$58,754 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education No. 12 recognized a pension benefit of \$26,414. At June 30, 2015, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 6	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	588
Changes in proportion and differences between employer contributions and proportionate share of contributions.	-	112,630
	-	112,630
Total Deferred amounts to be recognized in pension expense in future periods	6	113,218
Pension contributions made subsequent to the measurement date	3,070	-
Total deferred amounts related to pensions	\$ 3,076	\$ 113,218

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

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

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

\$3,070 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 27,483
2017	27,483
2018	27,483
2019	27,483
2020	3,280
Total	<u>\$ 113,212</u>

Actuarial assumptions

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

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

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

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

Actuarial assumptions (Continued)

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014, which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

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

Discount Rate

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

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

Sensitivity of the Regional Office of Education No. 12'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 7.5 percent, as well as what the Regional Office of Education No. 12's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Employer's proportionate share of the net pension liability	\$ 14,452	\$ 11,702	\$ 9,425

TRS fiduciary net position

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 12'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. 12's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	55
Inactive plan members entitled to but not yet receiving benefits	82
Active plan members	12
	149

Contributions

As set by statute, the Regional Office of Education No. 12's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 12's annual contribution rate for calendar year 2014 was 22.60%. For the calendar year ended 2014, the Regional Office of Education No. 12 contributed \$85,503 to the plan. The Regional Office of Education No. 12 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. 12's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 3.5%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	38%	7.60%
International equity	17%	7.80%
Fixed income	27%	3.00%
Real estate	8%	6.15%
Alternative investments	9%	5.25 - 8.50%
Cash equivalents	1%	2.25%
Total	100%	

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2013	\$ 4,250,428	\$ 4,255,139	\$ (4,711)
Changes for the year:			
Service Cost	45,720	-	45,720
Interest on the total pension liability	312,594	-	312,594
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	28,997	-	28,997
Changes in assumptions	139,168	-	139,168
Contributions - employer	-	85,503	(85,503)
Contributions - employees	-	22,550	(22,550)
Net investment income	-	286,190	(286,190)
Benefit payments, including refunds of employee contributions	(210,730)	(216,346)	5,616
Other (net transfer)	-	(3,780)	3,780
Net changes	<u>315,749</u>	<u>174,117</u>	<u>141,632</u>
Balances at December 31, 2014	<u>\$ 4,566,177</u>	<u>\$ 4,429,256</u>	<u>\$ 136,921</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability/(Asset)	\$ 775,566	\$ 136,921	\$ (375,603)

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

For the year ended June 30, 2015, the Regional Office of Education No. 12 recognized pension expense of \$183,573. At June 30, 2015, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods	
Differences between expected and actual experience	\$ 524
Changes of assumptions	2,514
Net difference between projected and actual earnings on pension plan investments	22,894
Total Deferred amounts to be recognized in pension expense in future periods	25,932
Pension contributions made subsequent to the measurement date	39,386
Total deferred amounts related to pensions	\$ 65,318

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

\$39,386 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 8,738
2016	5,701
2017	5,701
2018	<u>5,792</u>
Total	<u>\$ 25,932</u>

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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education No. 12 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to 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. 12. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$5,397, and the Regional Office of Education No. 12 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 12 employees were \$5,381 and \$6,843, respectively.

Employer contributions to the THIS Fund - The Regional Office of Education No. 12 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year end June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education No. 12 paid \$4,022 to the THIS Fund. For the years ended June 30, 2014 and June 30, 2013, the Regional Office of Education No. 12 paid \$3,994 and \$5,133 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."

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits

The Regional Office of Education No. 12 allows employees, who retire through the Regional Office of Education No. 12's plan disclosed in Note 9B, the option to continue in the Regional Office of Education No. 12's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education No. 12's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education No. 12 has no explicit subsidy as defined in GASB S-45.

11. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 12 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 12 has secured and maintained such a bond with coverage of \$1,200,000 on the Regional Superintendent.

12. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2015, interfund receivables and payables were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 25,838	\$ -
Education Fund	-	25,838
Totals	\$ 25,838	\$ 25,838

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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

13. DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 12's General Fund, Education Fund, and Enterprise Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2015:

Due From Other Governments:

General Fund:	
Local Governments	\$ 96
Education Fund:	
Local Governments	2,590
Illinois State Board of Education	77
Department of Education	1,256
Regional Office of Education No. 21	25,713
	29,636
Nonmajor Special Revenue Fund:	
Local Governments	8
Local Fund:	
Local Governments	1,435
	\$ 31,175

Due To Other Governments:

Agency Fund	
Local Governments	\$ 90

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

14. ON-BEHALF PAYMENTS

The Regional Office of Education No. 12 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$ 106,356
Regional Superintendent-benefits (includes State paid insurance)	31,808
Assistant Regional Superintendent-salary	95,736
Assistant Regional Superintendent-benefits (includes State paid insurance)	31,173
Teachers' Health Insurance System	<u>5,397</u>
	<u>\$ 270,470</u>

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

The Regional Office of Education No. 12 also recorded \$58,754 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. 12 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	\$ 270,470
ROE 12's share of TRS pension expense	<u>58,754</u>
Total	<u>\$ 329,224</u>

15. OPERATING LEASES

The Regional Office of Education No. 12 has three (3) annual operating leases for the Truants Alternative and Early Education programs. All leases expire at fiscal year-end and have historically been renewed on an annual basis. Rental expense for the year ended June 30, 2015 totaled \$36,810.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

16. TRANSFERS

During the year ended June 30, 2015, the Regional Office of Education No. 12 reported the following transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 487
Education Fund	487	-
Totals	\$ 487	\$ 487

This transfer was made to cover a funding shortfall in the State and Federal Lunch and Breakfast program.

17. CHANGE IN ACCOUNTING PRINCIPLE

The Regional Office of Education No. 12 has restated net position of the governmental activities as of June 30, 2014. The governmental activities' net position was restated to present a net pension asset, a net pension liability and the related deferred outflows of resources in accordance with Governmental Accounting Standards Board Statement No. 68.

	Governmental Activities
Net position at June 30, 2014	\$ 1,935,706
Recognition of pension asset	4,711
Recognition of pension liability	(152,014)
Recognition of deferred outflows related to pensions	34,747
Net position restated at June 30, 2014	\$ 1,823,150

REQUIRED SUPPLEMENTARY INFORMATION

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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

For the year ended June 30, 2015

(Amounts presented are for the calendar year ended December 31, 2014)

Total Pension Liability

Service cost	\$ 45,720
Interest on the total pension liability	312,594
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	28,997
Changes of assumptions	139,168
Benefit payments, including refunds of employee contributions	<u>(210,730)</u>
Net change in total pension liability	315,749
Total pension liability - beginning	<u>4,250,428</u>
Total pension liability - ending (A)	<u>\$ 4,566,177</u>

Plan Fiduciary Net Position

Contributions - employer	\$ 85,503
Contributions - employees	22,550
Net investment income	286,190
Benefit payments, including refunds of employee contributions	(216,346)
Other (net transfer)	<u>(3,780)</u>
Net change in plan fiduciary net position	174,117
Plan fiduciary net position - beginning	<u>4,255,139</u>
Plan fiduciary net position - ending (B)	<u>4,429,256</u>
Net pension liability(asset) - ending (A) - (B)	<u>\$ 136,921</u>

**Plan Fiduciary Net Position as a Percentage
of the Total Pension Liability**

97%

Covered Valuation Payroll

\$ 378,331

**Net Pension Liability as a Percentage
of Covered Valuation Payroll**

36.19%

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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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

For the year ended June 30, 2015

(Amounts presented are for the calendar year ended December 31, 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 Percentage of Covered Valuation Payroll</u>
2014	\$ 83,157	\$ 85,503	\$ (2,346)	\$ 378,331	22.60%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 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 2014 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	29-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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

For the year ended June 30, 2015

(Amounts presented are for the calendar year ended December 31, 2014)

Notes to Schedule: (Continued)

Other Information:

There were no benefit changes during the year.

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

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS —
SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(UNAUDITED)
For the year ended June 30, 2015
(Amounts presented are for the year ended June 30, 2014)**

Employer's proportion of the net pension liability	0.0000192287%
Employer's proportionate share of the net pension liability	\$ 11,702
State's proportionate share of the net pension liability associated with the employer	729,764
Total	\$ 741,466
Employer's covered-employee payroll	\$ 561,409
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	2.08%
Plan fiduciary net position as a percentage of the total pension liability	43%

Notes to Schedule

Changes of Assumptions

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

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

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

For the year ended June 30,

	<u>2014</u>	<u>2015</u>
Contractually-required contribution	\$ 3,218	\$ 3,070
Contributions in relation to the contractually-required contribution	<u>3,218</u>	<u>3,070</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 561,409	\$ 552,530
Contributions as a percentage of covered-employee payroll	0.57%	0.56%

SUPPLEMENTARY INFORMATION

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
ASSETS					
Cash and cash equivalents	\$ 1,091,344	\$ 561,869	\$ 117,607	\$ 99,744	\$ 1,870,564
Due from other funds	25,838	-	-	-	25,838
Due from other governments	-	-	96	-	96
Total assets	<u>\$ 1,117,182</u>	<u>\$ 561,869</u>	<u>\$ 117,703</u>	<u>\$ 99,744</u>	<u>\$ 1,896,498</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	<u>\$ 179</u>	<u>\$ 362</u>	<u>\$ 2,527</u>	<u>\$ 98</u>	<u>\$ 3,166</u>
Total Liabilities	<u>179</u>	<u>362</u>	<u>2,527</u>	<u>98</u>	<u>3,166</u>
FUND BALANCES					
Assigned	1,117,003	561,507	-	-	1,678,510
Unassigned	-	-	115,176	99,646	214,822
Total fund balances	<u>1,117,003</u>	<u>561,507</u>	<u>115,176</u>	<u>99,646</u>	<u>1,893,332</u>
Total liabilities and fund balances	<u>\$ 1,117,182</u>	<u>\$ 561,869</u>	<u>\$ 117,703</u>	<u>\$ 99,744</u>	<u>\$ 1,896,498</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2015**

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
Revenues:					
Local sources	\$ 147	\$ -	\$ 7,505	\$ 231,445	\$ 239,097
State sources	130,576	86,998	-	-	217,574
Interest	2,801	1,338	428	162	4,729
On-behalf payments	-	-	-	270,470	270,470
	<u>133,524</u>	<u>88,336</u>	<u>7,933</u>	<u>502,077</u>	<u>731,870</u>
Expenditures:					
Salaries and benefits	75,439	53,163	5,247	176,241	310,090
Purchased services	12,752	25,480	11,550	16,676	66,458
Supplies and materials	1,013	4,089	665	1,840	7,607
Capital outlay	555	-	-	4,035	4,590
Payments to other governments	-	20,320	-	-	20,320
Other objects	106	90	3,025	-	3,221
Pension expense	5,753	1,137	800	19,218	26,908
On-behalf payments	-	-	-	270,470	270,470
	<u>95,618</u>	<u>104,279</u>	<u>21,287</u>	<u>488,480</u>	<u>709,664</u>
Excess (deficiency) of revenues over (under) expenditures	37,906	(15,943)	(13,354)	13,597	22,206
Other financing sources (uses)					
Transfers out	(487)	-	-	-	(487)
Net change in fund balances	37,419	(15,943)	(13,354)	13,597	21,719
Fund balances, beginning of year	<u>1,079,584</u>	<u>577,450</u>	<u>128,530</u>	<u>86,049</u>	<u>1,871,613</u>
Fund balances, end of year	<u>\$ 1,117,003</u>	<u>\$ 561,507</u>	<u>\$ 115,176</u>	<u>\$ 99,646</u>	<u>\$ 1,893,332</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Rural Education Achievement Program
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	-	17,746	1,256
	-	17,746	1,256
Total assets	\$ -	\$ 17,746	\$ 1,256
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,208
Due to other funds	-	17,746	48
	-	17,746	1,256
Total liabilities	-	17,746	1,256
FUND BALANCES			
Restricted	-	-	-
Assigned	-	-	-
	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ -	\$ 17,746	\$ 1,256

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2015**

	<u>Regional Safe Schools</u>	<u>ROE/ISC Operations</u>	<u>State and Federal Lunch and Breakfast</u>	<u>System of Support (RESPRO)</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 7	\$ -
Due from other governments	-	-	18	7,967
	<u>-</u>	<u>-</u>	<u>25</u>	<u>7,967</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 7,967</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	18	7,967
	<u>-</u>	<u>-</u>	<u>18</u>	<u>7,967</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>18</u>	<u>7,967</u>
FUND BALANCES				
Restricted	-	-	-	-
Assigned	-	-	7	-
	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 7,967</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2015**

	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Totals
ASSETS				
Cash and cash equivalents	\$ 6,191	\$ -	\$ -	\$ 6,198
Due from other governments	2,590	59	-	29,636
Total assets	\$ 8,781	\$ 59	\$ -	\$ 35,834
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 722	\$ -	\$ -	\$ 1,930
Due to other funds	-	59	-	25,838
Total liabilities	722	59	-	27,768
FUND BALANCES				
Restricted	8,059	-	-	8,059
Assigned	-	-	-	7
Total fund balances	8,059	-	-	8,066
Total liabilities and fund balances	\$ 8,781	\$ 59	\$ -	\$ 35,834

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2015**

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Rural Education Achievement Program
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	487,371	-	-
Federal sources	-	36,934	16,475
Interest	20	-	-
Total revenues	487,391	36,934	16,475
Expenditures:			
Salaries and benefits	299,982	12,636	-
Purchased services	77,663	6,804	86
Supplies and materials	39,332	15,503	15,264
Capital outlay	2,346	-	1,125
Payment to other governments	60,646	-	-
Other objects	20	-	-
Pension expense	7,402	1,991	-
Total expenditures	487,391	36,934	16,475
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses):			
Transfers in	-	-	-
Net change in fund balance	-	-	-
Fund balances, beginning of year	-	-	-
Funds balances, end of year	\$ -	\$ -	\$ -

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2015**

	Regional Safe Schools	ROE/ISC Operations	State and Federal Lunch and Breakfast	System of Support (RESPRO)
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	55,303	59,497	272	-
Federal sources	-	-	22,194	19,302
Interest	-	-	-	-
Total revenues	55,303	59,497	22,466	19,302
Expenditures:				
Salaries and benefits	48,074	15,198	4,961	848
Purchased services	2,635	12,643	17,459	6,067
Supplies and materials	1,484	22,884	533	1,276
Capital outlay	-	6,860	-	-
Payment to other governments	2,500	-	-	11,000
Other objects	-	-	-	-
Pension expense	610	1,912	-	111
Total expenditures	55,303	59,497	22,953	19,302
Excess (deficiency) of revenues over expenditures	-	-	(487)	-
Other financing sources (uses):				
Transfers in	-	-	487	-
Net change in fund balance	-	-	-	-
Fund balances, beginning of year	-	-	7	-
Fund balances, end of year	\$ -	\$ -	\$ 7	\$ -

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2015**

	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Total
Revenues:				
Local sources	\$ 28,289	\$ -	\$ -	\$ 28,289
State sources	171,856	-	286,906	1,061,205
Federal sources	-	1,259	-	96,164
Interest	47	-	-	67
Total revenues	200,192	1,259	286,906	1,185,725
Expenditures:				
Salaries and benefits	88,648	51	250,673	721,071
Purchased services	13,939	1,200	10,167	148,663
Supplies and materials	25,340	-	3,702	125,318
Capital outlay	1,582	-	-	11,913
Payment to other governments	57,412	-	2,500	134,058
Other objects	-	-	-	20
Pension expense	16,631	8	19,864	48,529
Total expenditures	203,552	1,259	286,906	1,189,572
Excess (deficiency) of revenues over expenditures	(3,360)	-	-	(3,847)
Other financing sources (uses):				
Transfers in	-	-	-	487
Net change in fund balance	(3,360)	-	-	(3,360)
Fund balances, beginning of year	11,419	-	-	11,426
Fund balances, end of year	<u>\$ 8,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,066</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD – PRESCHOOL FOR ALL - PROJECT #15-3705-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 496,584	\$ 487,371	\$ 487,371
Interest	-	-	20
	<u>496,584</u>	<u>487,371</u>	<u>487,391</u>
Total revenues	<u>496,584</u>	<u>487,371</u>	<u>487,391</u>
Expenditures:			
Salaries and benefits	303,920	306,963	299,982
Purchased services	88,804	77,605	77,663
Supplies and materials	38,442	38,885	39,332
Capital outlay	3,300	2,800	2,346
Payments to other governmentns	62,118	61,118	60,646
Other objects	-	-	20
Pension expense	-	-	7,402
	<u>496,584</u>	<u>487,371</u>	<u>487,391</u>
Total expenditures	<u>496,584</u>	<u>487,371</u>	<u>487,391</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #14-4920-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	\$ 27,500	\$ 28,999	\$ 1,499
Total revenues	<u>27,500</u>	<u>28,999</u>	<u>1,499</u>
Expenditures:			
Salaries and benefits	14,242	14,333	-
Purchased services	5,005	4,977	475
Supplies and materials	6,753	8,714	1,024
Capital outlay	<u>1,500</u>	<u>975</u>	<u>-</u>
Total expenditures	<u>27,500</u>	<u>28,999</u>	<u>1,499</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, July 1, 2014			<u>-</u>
Fund balance, August 31, 2014			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
MCKINNEY EDUCATION FOR HOMELESS CHILDREN - PROJECT #15-4920-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	\$ 32,435	\$ 35,435	\$ 35,435
Total revenues	<u>32,435</u>	<u>35,435</u>	<u>35,435</u>
Expenditures:			
Salaries and benefits	14,945	14,945	12,636
Purchased services	5,015	6,515	6,329
Supplies and materials	12,475	13,975	14,479
Pension expense	<u>-</u>	<u>-</u>	<u>1,991</u>
Total expenditures	<u>32,435</u>	<u>35,435</u>	<u>35,435</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, September 1, 2014			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS – PROJECT #15-3696-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 56,576	\$ 55,303	\$ 55,303
Total revenues	<u>56,576</u>	<u>55,303</u>	<u>55,303</u>
Expenditures:			
Salaries and benefits	48,263	48,188	48,074
Purchased services	4,214	3,390	2,635
Supplies and materials	1,599	1,225	1,484
Payments to other governments	2,500	2,500	2,500
Pension expense	-	-	610
Total expenditures	<u>56,576</u>	<u>55,303</u>	<u>55,303</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS - PROJECT #15-3730-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 59,497	\$ 59,497	\$ 59,497
Total revenues	<u>59,497</u>	<u>59,497</u>	<u>59,497</u>
Expenditures:			
Salaries and benefits	19,768	16,468	15,198
Purchased services	10,036	14,636	12,643
Supplies and materials	23,193	21,893	22,884
Capital outlay	6,000	6,000	6,860
Payments to other governments	500	500	-
Pension expense	-	-	1,912
Total expenditures	<u>59,497</u>	<u>59,497</u>	<u>59,497</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SYSTEM OF SUPPORT (RESPRO) – PROJECT #15-4331-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	\$ 41,723	\$ 48,390	\$ 19,302
Total revenues	<u>41,723</u>	<u>48,390</u>	<u>19,302</u>
Expenditures:			
Salaries and benefits	701	701	848
Purchased services	6,519	12,686	6,067
Supplies and materials	7,003	1,280	1,276
Payments to other governments	27,500	33,723	11,000
Pension expense	<u>-</u>	<u>-</u>	<u>111</u>
Total expenditures	<u>41,723</u>	<u>48,390</u>	<u>19,302</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TECHNOLOGY FOR SUCCESS – PROJECT 15-3780-00
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Local sources	\$ -	\$ -	\$ 28,289
State sources	171,856	171,856	171,856
Interest	-	-	47
	<u>171,856</u>	<u>171,856</u>	<u>200,192</u>
Expenditures:			
Salaries and benefits	98,540	98,540	88,648
Purchased services	14,973	13,473	13,939
Supplies and materials	-	500	25,340
Capital outlay	-	1,000	1,582
Payments to other governments	58,343	58,343	57,412
Pension expense	-	-	16,631
	<u>171,856</u>	<u>171,856</u>	<u>203,552</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,360)
Fund balance, beginning of year			<u>11,419</u>
Fund balance, end of year			<u>\$ 8,059</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II – TEACHER QUALITY LEADERSHIP – PROJECT 15-4935-02
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	\$ 2,513	\$ 2,513	\$ 1,259
Total revenues	<u>2,513</u>	<u>2,513</u>	<u>1,259</u>
Expenditures:			
Salaries and benefits	112	112	51
Purchased services	2,401	2,401	1,200
Pension expense	<u>-</u>	<u>-</u>	<u>8</u>
Total expenditures	<u>2,513</u>	<u>2,513</u>	<u>1,259</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION – PROJECT 15-3695-14
For the year ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 293,510	\$ 286,906	\$ 286,906
Total revenues	<u>293,510</u>	<u>286,906</u>	<u>286,906</u>
Expenditures:			
Salaries and benefits	273,979	270,783	250,673
Purchased services	14,116	10,708	10,167
Supplies and materials	2,915	2,915	3,702
Payments to other governments	2,500	2,500	2,500
Pension expense	<u>-</u>	<u>-</u>	<u>19,864</u>
Total expenditures	<u>293,510</u>	<u>286,906</u>	<u>286,906</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUES FUNDS
June 30, 2015**

	General Education Development	School Bus Transportation	Institute	Total
ASSETS				
Cash and cash equivalents	\$ 10,240	\$ 2,526	\$ 16,855	\$ 29,621
Due from other governments	-	8	-	8
Total assets	<u>\$ 10,240</u>	<u>\$ 2,534</u>	<u>\$ 16,855</u>	<u>\$ 29,629</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted	10,240	2,534	16,855	29,629
Total liabilities and fund balances	<u>\$ 10,240</u>	<u>\$ 2,534</u>	<u>\$ 16,855</u>	<u>\$ 29,629</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2015**

	General Education Development	School Bus Transportation	Institute	Total
Revenues:				
Local sources	\$ 653	\$ 2,392	\$ 19,630	\$ 22,675
State sources	-	908	-	908
Interest	8	-	16	24
Total revenues	<u>661</u>	<u>3,300</u>	<u>19,646</u>	<u>23,607</u>
Expenditures:				
Salaries and benefits	-	44	5,937	5,981
Purchased services	-	1,525	2,569	4,094
Supplies and materials	18	667	72	757
Pension expense	-	7	824	831
Total expenditures	<u>18</u>	<u>2,243</u>	<u>9,402</u>	<u>11,663</u>
Net changes in fund balances	<u>643</u>	<u>1,057</u>	<u>10,244</u>	<u>11,944</u>
Fund balances, beginning of year	<u>9,597</u>	<u>1,477</u>	<u>6,611</u>	<u>17,685</u>
Fund balances, end of year	<u>\$ 10,240</u>	<u>\$ 2,534</u>	<u>\$ 16,855</u>	<u>\$ 29,629</u>

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015**

	Regional Board of Trustees	School Facility Occupation Tax	Totals
ASSETS			
Cash and cash equivalents	\$ 2,463	\$ 90	\$ 2,553
Total assets	\$ 2,463	\$ 90	\$ 2,553
LIABILITIES			
Accounts payable	\$ 2,463	\$ -	\$ 2,463
Due to other governments	-	90	90
Total liabilities	\$ 2,463	\$ 90	\$ 2,553

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ 2,831	\$ 4,500	\$ 4,868	\$ 2,463
Total assets	<u>\$ 2,831</u>	<u>\$ 4,500</u>	<u>\$ 4,868</u>	<u>\$ 2,463</u>
LIABILITIES				
Accounts payable	\$ 2,831	\$ 4,500	\$ 4,868	\$ 2,463
Total liabilities	<u>\$ 2,831</u>	<u>\$ 4,500</u>	<u>\$ 4,868</u>	<u>\$ 2,463</u>
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 33	\$ 729,356	\$ 729,299	\$ 90
Total assets	<u>\$ 33</u>	<u>\$ 729,356</u>	<u>\$ 729,299</u>	<u>\$ 90</u>
LIABILITIES				
Due to other governments	\$ 33	\$ 729,356	\$ 729,299	\$ 90
Total liabilities	<u>\$ 33</u>	<u>\$ 729,356</u>	<u>\$ 729,299</u>	<u>\$ 90</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 2,864	\$ 733,856	\$ 734,167	\$ 2,553
Total assets	<u>\$ 2,864</u>	<u>\$ 733,856</u>	<u>\$ 734,167</u>	<u>\$ 2,553</u>
LIABILITIES				
Accounts payable	\$ 2,831	\$ 4,500	\$ 4,868	\$ 2,463
Due to other governments	33	729,356	729,299	90
Total liabilities	<u>\$ 2,864</u>	<u>\$ 733,856</u>	<u>\$ 734,167</u>	<u>\$ 2,553</u>