

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

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

**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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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  
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	1	2
Repeated audit findings	1	-
Prior recommendations implemented or not repeated	1	-

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

**SUMMARY OF FINDINGS AND RESPONSES**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2016-001	10	Controls over Financial Statement Preparation	Material Weakness
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2015-002		Employee Use of ROE Credit Cards	Significant Deficiency

**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, 2016. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report.

Responses to the finding and recommendations were provided by Crystal Smith, accountant, via email on January 17, 2017.

**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.

MEMBERS

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

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

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

(217) 235-4747  
www.westcpa.com

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MATTOON  
SULLIVAN

**INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund – Schedules of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund – Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois – Schedules 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 54 - 58 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 18, 2017 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.

Mattoon, Illinois  
May 18, 2017

MEMBERS

RICHARD C. WEST  
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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, 2016, 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 18, 2017.

**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.

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

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

### **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 Finding**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Mattoon, Illinois  
May 18, 2017

## **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, 2016

Section I – Summary of Auditors' Results

**Financial statements in accordance with GAAP**

Type of auditors' report issued: UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified?  X  yes   no
- Significant deficiency(ies) identified?   yes  X  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, 2016**

**Section II – Financial Statement Findings**

**Finding No. 2016-001 – Controls over Financial Statement Preparation** (Repeat of Finding 15-001)

**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, 2016**

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

**Finding No. 2016-001 – Controls over Financial Statement Preparation** (Repeat of Finding 15-001)  
(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. Due to the complex requirements of these GASB statements, the ROE has been unable to get staff trained on preparation of the required 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**

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

**Corrective Action Plan**

**FINDING NO. 2016-001 – 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 accrued 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 training on GASB 68 and GASB 71 reporting.

**Anticipated Date of Completion:**

The Regional Office of Education No. 12 will attempt to correct 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

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

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2015-001	Controls over Financial Statement Preparation	Repeated
2015-002	Employee Use of ROE Credit Cards  During the current audit, audit testing results indicated the Regional Office of Education implemented corrective action and no personal charges were noted on the Regional Office of Education credit cards.	Not Repeated

## **BASIC FINANCIAL STATEMENTS**

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

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,733,075	\$ 36,520	\$ 1,769,595
Due from other governments	297,383	600	297,983
Total current assets	<u>2,030,458</u>	<u>37,120</u>	<u>2,067,578</u>
Noncurrent assets:			
Capital assets, net	64,327	736	65,063
Total noncurrent assets	<u>64,327</u>	<u>736</u>	<u>65,063</u>
Total assets	<u>2,094,785</u>	<u>37,856</u>	<u>2,132,641</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>378,712</u>	<u>-</u>	<u>378,712</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	56,679	-	56,679
Total current liabilities	<u>56,679</u>	<u>-</u>	<u>56,679</u>
Noncurrent liabilities:			
Net pension liability	410,229	-	410,229
Total noncurrent liabilities	<u>410,229</u>	<u>-</u>	<u>410,229</u>
Total liabilities	<u>466,908</u>	<u>-</u>	<u>466,908</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>90,702</u>	<u>-</u>	<u>90,702</u>
<b>NET POSITION</b>			
Invested in capital assets	64,327	736	65,063
Restricted - other	60,759	-	60,759
Unrestricted	1,790,801	37,120	1,827,921
Total net position	<u>\$ 1,915,887</u>	<u>\$ 37,856</u>	<u>\$ 1,953,743</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 ACTIVITIES  
For the year ended June 30, 2016**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,079,803	\$ -	\$ 911,996	\$ (167,807)	\$ -	\$ (167,807)
Purchased services	239,513	-	202,292	(37,221)	-	(37,221)
Supplies and materials	139,612	-	117,916	(21,696)	-	(21,696)
Capital outlay	-	-	36,898	36,898	-	36,898
Payments to other governments	182,845	-	154,430	(28,415)	-	(28,415)
Other objects	2,948	-	2,490	(458)	-	(458)
Depreciation	17,116	-	-	(17,116)	-	(17,116)
Pension expense	13,603	-	71,648	58,045	-	58,045
Administrative:						
On-behalf payments	560,094	-	-	(560,094)	-	(560,094)
Total governmental activities	2,235,534	-	1,497,670	(737,864)	-	(737,864)
Business-type activities:						
Operating	15,624	10,920	-	-	(4,704)	(4,704)
Total business-type activities	15,624	10,920	-	-	(4,704)	(4,704)
Total primary government	\$ 2,251,158	\$ 10,920	\$ 1,497,670	(737,864)	(4,704)	(742,568)
General revenues:						
Local sources				306,965	-	306,965
On-behalf payments				560,094	-	560,094
Gain on equipment traded				7,290	-	7,290
Loss on disposal of assets				(563)	-	(563)
Interest				4,567	122	4,689
Total general revenues				878,353	122	878,475
Change in net position				140,489	(4,582)	135,907
Net position - beginning of year				1,775,398	42,438	1,817,836
Net position - end of year				\$ 1,915,887	\$ 37,856	\$ 1,953,743

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, 2016**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,673,674	\$ 17,093	\$ 42,308	\$ -	\$ 1,733,075
Due from other funds	239,999	-	-	(239,999)	-
Due from other governments	167	295,898	1,318	-	297,383
Total assets	<u>\$ 1,913,840</u>	<u>\$ 312,991</u>	<u>\$ 43,626</u>	<u>\$ (239,999)</u>	<u>\$ 2,030,458</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 820	\$ 55,859	\$ -	\$ -	\$ 56,679
Due to other funds	-	239,999	-	(239,999)	-
Total liabilities	<u>820</u>	<u>295,858</u>	<u>-</u>	<u>(239,999)</u>	<u>56,679</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	120,957	-	-	120,957
<b>FUND BALANCES</b>					
Restricted	-	2,406	43,626	-	46,032
Assigned	1,679,608	-	-	-	1,679,608
Unassigned	233,412	(106,230)	-	-	127,182
Total fund balances (deficits)	<u>1,913,020</u>	<u>(103,824)</u>	<u>43,626</u>	<u>-</u>	<u>1,852,822</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,913,840</u>	<u>\$ 312,991</u>	<u>\$ 43,626</u>	<u>\$ (239,999)</u>	<u>\$ 2,030,458</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, 2016**

Total fund balance – governmental funds		\$ 1,852,822
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		120,957
<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	\$ 378,712	
Deferred inflows of resources	<u>(90,702)</u>	288,010
<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		(410,229)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		<u>64,327</u>
Net position of governmental activities		<u><u>\$ 1,915,887</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, 2016**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 237,707	\$ 36,396	\$ 32,862	\$ 306,965
State sources	215,831	1,033,123	1,318	1,250,272
Federal sources	-	126,441	-	126,441
Interest	4,339	151	77	4,567
On-behalf payments	279,244	-	-	279,244
<b>Total revenues</b>	<b>737,121</b>	<b>1,196,111</b>	<b>34,257</b>	<b>1,967,489</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	335,687	729,714	14,402	1,079,803
Purchased services	51,258	184,715	3,540	239,513
Supplies and materials	3,691	135,837	84	139,612
Payments to other governments	7,500	175,345	-	182,845
Other objects	823	2,125	-	2,948
Pension expense	35,835	46,762	2,234	84,831
On-behalf payments	279,244	-	-	279,244
Capital outlay	3,395	33,503	-	36,898
<b>Total expenditures</b>	<b>717,433</b>	<b>1,308,001</b>	<b>20,260</b>	<b>2,045,694</b>
<b>Net changes in fund balances</b>	<b>19,688</b>	<b>(111,890)</b>	<b>13,997</b>	<b>(78,205)</b>
<b>Fund balances, beginning of year</b>	<b>1,893,332</b>	<b>8,066</b>	<b>29,629</b>	<b>1,931,027</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 1,913,020</b>	<b>\$ (103,824)</b>	<b>\$ 43,626</b>	<b>\$ 1,852,822</b>

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, 2016**

Net changes in fund balances – governmental funds \$ (78,205)

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

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.

Pension contributions	\$ 84,831	
Pension expense	<u>(13,603)</u>	71,228

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

Capital outlay	\$ 36,898	
Depreciation expense	<u>(17,116)</u>	19,782

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.

120,957

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 gains and losses arising from noncash transactions are reported as a gain or loss on the disposition of those assets.

Gain on equipment traded	\$ 7,290	
Loss on abandoned equipment	<u>(563)</u>	<u>6,727</u>

Change in net position of governmental activities \$ 140,489

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, 2016**

	Business-Type Activities
	Local
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 36,520
Due from other governments	600
Total current assets	37,120
Noncurrent assets:	
Capital assets, net	736
Total assets	37,856
<b>NET POSITION</b>	
Invested in capital assets	736
Unrestricted	37,120
Total net position	\$ 37,856

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, 2016**

	Business-Type Activities
	Local
Operating revenues:	
Charges for services	\$ 10,920
Operating expenses:	
Salaries and benefits	1,328
Purchased services	12,203
Supplies and materials	63
Payments to other governments	1,351
Depreciation	679
Total operating expenses	15,624
Operating loss	(4,704)
Nonoperating revenues:	
Investment income	122
Change in net position	(4,582)
Net position, beginning of year	42,438
Net position, end of year	\$ 37,856

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, 2016**

	Business-Type Activities
	Local
Cash flows from operating activities:	
Receipts from customers	\$ 11,755
Payments to suppliers and providers of goods and services	(13,617)
Payments to employees	(1,328)
Net cash used by operating activities	(3,190)
Cash flows from investing activities:	
Interest received	122
Net decrease in cash and cash equivalents	(3,068)
Cash and cash equivalents - beginning	39,588
Cash and cash equivalents- ending	\$ 36,520
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (4,704)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Change in assets and liabilities:	
Depreciation expense	679
Decrease in due from other governments	835
Net cash used by operating activities	\$ (3,190)

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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,385
LIABILITIES	
Accounts payable	\$ 1,218
Due to other governments	<u>167</u>
Total liabilities	<u>\$ 1,385</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 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 the nonmajor proprietary fund.

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

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

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 are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Regional Office of Education No. 12's enterprise fund is 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.

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)

**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.

**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.

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)

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

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

**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.

**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.

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)

3. **Fiduciary Funds** (Continued)

**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.

D. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 is 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.”

**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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (Continued)

**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 acquisition value at the date of donation.

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

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

Assets	Years
Office equipment and furniture	5-10
Computer equipment	3-10
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.

**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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (Continued)

4. **Deferred Outflows of Resources and Deferred Inflows of Resources** (Continued)

Deferred inflows of resources on the Governmental Funds Balance Sheet consist of grant receivables not collected within sixty days after the year-end.

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

5. **Equity Classifications**

**Government-wide and Proprietary Fund Statements**

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

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

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

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

**Governmental Fund Statements**

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

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

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

5. Equity Classifications (Continued)

Governmental Fund Statements (Continued)

**Restricted Fund Balance** - the portion of a governmental fund's fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: General Education Development, School Bus Driver Transportation, and Institute. The following fund is restricted by a grant agreement or contract: State and Federal Lunch and Breakfast.

**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, and General State Aid - Regional Safe Schools.

**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, Office, and Technology for Success funds.

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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**E. New Accounting Pronouncements**

In 2016, the Regional Office of Education No. 12 implemented Governmental Accounting Standards Board (GASB) Statement No. 72 – *Fair Value Measurement and Application*, GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statement 67 and 68*, and GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. These Statements had no impact on the financial statements of the Regional Office of Education No. 12.

**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 State agencies, primarily the Illinois State Board of Education, are prepared and submitted to the granting agencies for approval as part of the grant awards process. The granting agencies must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: 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.

**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 FIDUCIARY FUND ACCOUNTS**

Funds received by the Regional Office of Education No. 12 for the fiduciary funds accrue interest for the period of time between the receipt of funds and clearance of transfers to recipient. Fiduciary fund interest earned and related charges are recognized as revenue and expenditures in the General Fund.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2016, the carrying amount of the Regional Office of Education No. 12's governmental activities, business-type activities, and fiduciary funds were \$1,725,755, \$36,520, and \$1,374, respectively. The bank balances totaled \$1,815,408 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, 2016, the carrying amounts of the Regional Office of Education No. 12's deposits in the Illinois Funds Money Market Fund for the governmental activities and fiduciary funds were \$7,320 and \$11, respectively. The bank balance invested in the Illinois Funds Money Market Fund was \$7,331. 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, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

**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.

**8. CAPITAL ASSETS**

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

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Office equipment	\$ 235,477	\$ 44,188	\$ 33,485	\$ 246,180
Less accumulated depreciation for:				
Office equipment	<u>(197,659)</u>	<u>(17,116)</u>	<u>(32,922)</u>	<u>(181,853)</u>
Governmental activities capital assets, net	<u>\$ 37,818</u>	<u>\$ 27,072</u>	<u>\$ 563</u>	<u>\$ 64,327</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Office equipment	\$ 3,395	\$ -	\$ -	\$ 3,395
Less accumulated depreciation for:				
Office equipment	<u>(1,980)</u>	<u>(679)</u>	<u>-</u>	<u>(2,659)</u>
Business-type activities capital assets, net	<u>\$ 1,415</u>	<u>\$ (679)</u>	<u>\$ -</u>	<u>\$ 736</u>

The increase in office equipment costs includes the \$7,290 gain recognized in the Statement of Activities from equipment traded for new assets.

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

Governmental activities:	
Instructional services	<u>\$ 17,116</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 Regional Office of Education No. 12 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.

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**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education 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, 2016, 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 \$280,850 in pension contributions from the State of Illinois.

*2.2 formula contributions* – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$3,044, and are deferred because they were paid after the June 30, 2015 measurement date.

*Federal and special trust fund contributions* – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, there were no salaries paid from federal and special trust funds that required employer contributions.

**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)

*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, 2016, the Regional Office of Education No. 24 made no payments to TRS for employer ERO contributions.

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, 2016, 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, 2016, 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	\$ 57,408
State's proportionate share of the net pension liability associated with the employer	3,427,997
	\$ 3,485,405

**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)

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education No. 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, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education No. 12's proportion was 0.0000876320 percent, which was an increase of 0.0000684033 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education No. 12 recognized pension expense of \$280,580 and revenue of \$280,580 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 12 recognized a pension benefit of \$13,857. At June 30, 2016, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 21	\$ 63
Net difference between projected and actual earnings on pension plan investments	1,137	2,010
Changes of assumptions	794	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	34,835	85,293
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	36,787	87,366
<b>Employer Contributions Made Subsequent to the Measurement Date</b>	3,044	-
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ 39,831</b>	<b>\$ 87,366</b>

**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)

\$3,044 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2017	\$ (18,666)
2018	(18,666)
2019	(18,666)
2020	5,419
Total	<u>\$ (50,579)</u>

**Actuarial Assumptions**

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

Inflation	3.00%
Salary increases	Varies by amount of service credit
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

**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)

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014, which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. large cap	18%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%
Total	100%	

**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**

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

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

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

**Sensitivity of the Regional Office of Education No. 12's proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education No. 12's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the Regional Office of Education No. 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	<b>1% Lower (6.47%)</b>	<b>Current Discount Rate (7.47%)</b>	<b>1% Higher (8.47%)</b>
<b>Employer's proportionate share of the net pension liability</b>	\$ 70,942	\$ 57,408	\$ 46,309

**TRS fiduciary net position**

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

CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES  
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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](http://www.imrf.org).

**Benefits Provided**

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

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% 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.

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**NOTES TO FINANCIAL STATEMENTS**

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

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

**Benefits Provided** (Continued)

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

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

**Employees Covered by Benefit Terms**

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

Retirees and beneficiaries currently receiving benefits	59
Inactive plan members entitled to but not yet receiving benefits	79
Active plan members	14
Total	152

**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 2015 was 18.53%. For the calendar year 2015, the Regional Office of Education No. 12 contributed \$78,981 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.

**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES  
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**NOTES TO FINANCIAL STATEMENTS**

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

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

**Net Pension Liability**

The Regional Office of Education No. 12's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

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

**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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	38%	7.39%
International equity	17%	7.59%
Fixed income	27%	3.00%
Real estate	8%	6.00%
Alternative investments	9%	2.75-8.15%
Cash equivalents	1%	2.25%
Total	100%	

**Single Discount Rate**

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.50%.

**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)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 4,566,177	\$ 4,429,256	\$ 136,921
<b>Changes for the year:</b>			
Service Cost	43,657	-	43,657
Interest on the total pension liability	335,681	-	335,681
Differences between expected and actual experience of the total pension liability	(79,667)	-	(79,667)
Contributions - employer	-	78,982	(78,982)
Contributions - employees	-	26,508	(26,508)
Net investment income	-	(25,276)	25,276
Benefit payments, including refunds of employee contributions	(224,507)	(224,507)	-
Other (net transfer)	-	3,557	(3,557)
Net changes	<u>75,164</u>	<u>(140,736)</u>	<u>215,900</u>
<b>Balances at December 31, 2015</b>	<u>\$ 4,641,341</u>	<u>\$ 4,288,520</u>	<u>\$ 352,821</u>

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

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

	<b>1% Lower (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Higher (8.50%)</b>
<b>Net Pension Liability/(Asset)</b>	<u>\$ 991,388</u>	<u>\$ 352,821</u>	<u>\$ (160,134)</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)

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

For the year ended June 30, 2016, the Regional Office of Education No. 12 recognized a pension expense of \$27,460. At June 30, 2016, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ -	\$ 3,336
Net difference between projected and actual earnings on pension plan investments	296,689	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	296,689	3,336
<b>Employer Contributions made Subsequent to the Measurement Date</b>	42,192	-
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ 338,881</b>	<b>\$ 3,336</b>

\$42,192 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017.

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

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows of Resources</b>
2017	\$ 72,266
2018	75,602
2019	75,604
2020	69,881
Total	<b>\$ 293,353</b>

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

**NOTES TO FINANCIAL STATEMENTS**

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

**C. Social Security**

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

**10. OTHER POST-EMPLOYMENT BENEFITS**

**A. Teacher Health Insurance Security Fund**

The Regional Office of Education No. 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. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

*On behalf contributions to 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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$5,615, 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, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 12 employees were \$5,397 and \$5,381, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**10. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**A. Teacher Health Insurance Security Fund (Continued)**

*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 0.80 percent during the year ended June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 12 paid \$4,198 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 12 paid \$4,022 and \$3,994 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."

**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 \$1,076,488 on the Regional Superintendent.

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

**NOTES TO FINANCIAL STATEMENTS**

**12. INTERFUND RECEIVABLES AND PAYABLES**

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 239,999	\$ -
Education Fund	-	239,999
Totals	\$ 239,999	\$ 239,999

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.

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

The Regional Office of Education No. 12's General Fund, Education Fund, Nonmajor Special Revenue Fund, Enterprise Fund, and Agency Fund had funds due from/to various other governmental units, which consisted of the following at June 30, 2016:

Due From Other Governments:

General Fund:	
Local Governments	\$ 167
Education Fund:	
Local Governments	120,933
Illinois State Board of Education	128,832
Department of Education	190
Regional Office of Education No. 21	45,943
	295,898
Nonmajor Special Revenue Fund:	
Illinois State Board of Education	1,318
Local Fund:	
Local Governments	600
	\$ 297,983

Due To Other Governments:

Agency Fund	
Local Governments	\$ 167

**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	\$ 107,208
Regional Superintendent-benefits (includes State paid insurance)	35,285
Assistant Regional Superintendent-salary	96,492
Assistant Regional Superintendent-benefits (includes State paid insurance)	34,644
Teachers' Health Insurance System	5,615
	<u>\$ 279,244</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 \$280,850 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	\$ 279,244
ROE 12's share of TRS pension expense	280,850
Total	<u>\$ 560,094</u>

**15. OPERATING LEASES**

The Regional Office of Education No. 12 has three (3) annual operating leases for the Truants Alternative, Regional Safe School, 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, 2016 totaled \$36,840.

**16. DEFICIT FUND BALANCE/NET POSITION**

The following individual fund carried a deficit fund balance as of June 30, 2016:

Technology for Success	\$106,230
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The Regional Office of Education No. 12 anticipates collecting revenue not yet "available" to reduce the deficit fund balance.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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

	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>		
Service cost	\$ 43,657	\$ 45,720
Interest on the total pension liability	335,681	312,594
Differences between expected and actual experience of the total pension liability	(79,667)	28,997
Changes of assumptions	-	139,168
Benefit payments, including refunds of employee contributions	(224,507)	(210,730)
<b>Net change in total pension liability</b>	75,164	315,749
<b>Total pension liability - beginning</b>	4,566,177	4,250,428
<b>Total pension liability - ending (A)</b>	4,641,341	4,566,177
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	78,982	85,503
Contributions - employees	26,508	22,550
Net investment income	(25,276)	286,190
Benefit payments, including refunds of employee contributions	(224,507)	(216,346)
Other (net transfer)	3,557	(3,780)
<b>Net change in plan fiduciary net position</b>	(140,736)	174,117
<b>Plan fiduciary net position - beginning</b>	4,429,256	4,255,139
<b>Plan fiduciary net position - ending (B)</b>	4,288,520	4,429,256
<b>Net pension liability(asset) - ending (A) - (B)</b>	\$ 352,821	\$ 136,921
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	92.40%	97.00%
<b>Covered Valuation Payroll</b>	\$ 426,236	\$ 378,331
 <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	82.78%	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, 2016**

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

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2015	\$ 78,982	\$ 78,982	\$ -	\$ 426,236	18.53%
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 2015 Contribution Rate\***

**Valuation Date:**

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

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

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

**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, 2016**

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

**Notes to Schedule:** (Continued)

**Other Information:**

There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

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

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

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

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

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

	2015	2014
Employer's proportion of the net pension liability	0.0000876320%	0.0000192287%
Employer's proportionate share of the net pension liability	\$ 57,408	\$ 11,702
State's proportionate share of the net pension liability associated with the employer	3,427,997	729,764
Total	\$ 3,485,405	\$ 741,466
Employer's covered-employee payroll	\$ 552,530	\$ 561,409
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.39%	2.08%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43%

**Notes to Schedule:**

**Changes of Assumptions**

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

**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, 2016**

<b>Fiscal Year Ended June 30,</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Contribution as a Percentage of Covered Employee Payroll</b>
2016	\$ 3,044	\$ 3,044	\$ -	\$ 556,580	0.55%
2015	3,070	3,070	-	552,530	0.56%
2014	3,218	3,218	-	561,409	0.57%

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

**SUPPLEMENTARY INFORMATION**

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

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

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 937,220	\$ 570,822	\$ 43,600
Due from other funds	185,661	-	67,687
Due from other governments	-	-	167
	<u>\$ 1,122,881</u>	<u>\$ 570,822</u>	<u>\$ 111,454</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 272	\$ 474	\$ -
Due to other funds	13,349	-	-
	<u>13,621</u>	<u>474</u>	<u>-</u>
<b>FUND BALANCES</b>			
Assigned	1,109,260	570,348	-
Unassigned	-	-	111,454
	<u>1,109,260</u>	<u>570,348</u>	<u>111,454</u>
Total liabilities and fund balances	<u>\$ 1,122,881</u>	<u>\$ 570,822</u>	<u>\$ 111,454</u>

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

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

	Office	Eliminations	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 122,032	\$ -	\$ 1,673,674
Due from other funds	-	(13,349)	239,999
Due from other governments	-	-	167
	<u>\$ 122,032</u>	<u>\$ (13,349)</u>	<u>\$ 1,913,840</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 74	\$ -	\$ 820
Due to other funds	-	(13,349)	-
	<u>74</u>	<u>(13,349)</u>	<u>820</u>
<b>FUND BALANCES</b>			
Assigned	-	-	1,679,608
Unassigned	121,958	-	233,412
	<u>121,958</u>	<u>-</u>	<u>1,913,020</u>
Total liabilities and fund balances	<u>\$ 122,032</u>	<u>\$ (13,349)</u>	<u>\$ 1,913,840</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, 2016**

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
<b>Revenues:</b>					
Local sources	\$ 196	\$ -	\$ 6,360	\$ 231,151	\$ 237,707
State sources	130,889	84,942	-	-	215,831
Interest	2,248	1,482	416	193	4,339
On-behalf payments	-	-	-	279,244	279,244
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	133,333	86,424	6,776	510,588	737,121
<b>Expenditures:</b>					
Salaries and benefits	107,503	52,156	4,319	171,709	335,687
Purchased services	18,337	15,571	5,026	12,324	51,258
Supplies and materials	1,574	1,454	54	609	3,691
Capital outlay	3,395	-	-	-	3,395
Payments to other governments	-	7,500	-	-	7,500
Other objects	359	-	464	-	823
Pension expense	9,908	902	635	24,390	35,835
On-behalf payments	-	-	-	279,244	279,244
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	141,076	77,583	10,498	488,276	717,433
Net change in fund balances	(7,743)	8,841	(3,722)	22,312	19,688
Fund balances, beginning of year	1,117,003	561,507	115,176	99,646	1,893,332
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 1,109,260</u>	<u>\$ 570,348</u>	<u>\$ 111,454</u>	<u>\$ 121,958</u>	<u>\$ 1,913,020</u>

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

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

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Rural Education Achievement Program
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	42,000	33,095	190
Total assets	\$ 42,000	\$ 33,095	\$ 190
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	42,000	33,095	190
Total liabilities	42,000	33,095	190
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	-
<b>FUND BALANCES</b>			
Restricted	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 42,000	\$ 33,095	\$ 190

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2016**

	Regional Safe Schools	ROE/ISC Operations	State and Federal Lunch and Breakfast	System of Support (RESPRO)
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 2,390	\$ -
Due from other governments	5,272	54,370	65	12,847
Total assets	<u>\$ 5,272</u>	<u>\$ 54,370</u>	<u>\$ 2,455</u>	<u>\$ 12,847</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 32	\$ -	\$ -
Due to other funds	5,272	54,338	25	12,847
Total liabilities	<u>5,272</u>	<u>54,370</u>	<u>25</u>	<u>12,847</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	24	-
<b>FUND BALANCES</b>				
Restricted	-	-	2,406	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>2,406</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,272</u>	<u>\$ 54,370</u>	<u>\$ 2,455</u>	<u>\$ 12,847</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2016**

	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,703	\$ -	\$ -	\$ 17,093
Due from other governments	120,933	446	26,680	295,898
Total assets	<u>\$ 135,636</u>	<u>\$ 446</u>	<u>\$ 26,680</u>	<u>\$ 312,991</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 55,827	\$ -	\$ -	\$ 55,859
Due to other funds	65,106	446	26,680	239,999
Total liabilities	<u>120,933</u>	<u>446</u>	<u>26,680</u>	<u>295,858</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>120,933</u>	<u>-</u>	<u>-</u>	<u>120,957</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	2,406
Unassigned	<u>(106,230)</u>	<u>-</u>	<u>-</u>	<u>(106,230)</u>
Total fund balances (deficits)	<u>(106,230)</u>	<u>-</u>	<u>-</u>	<u>(103,824)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 135,636</u>	<u>\$ 446</u>	<u>\$ 26,680</u>	<u>\$ 312,991</u>

**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, 2016**

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Rural Education Achievement Program
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	582,000	-	-
Federal sources	-	42,264	22,653
Interest	125	-	1
	<u>582,125</u>	<u>42,264</u>	<u>22,654</u>
Total revenues			
Expenditures:			
Salaries and benefits	305,384	13,442	-
Purchased services	98,109	5,611	10,853
Supplies and materials	67,414	21,295	7,438
Capital outlay	23,795	-	4,363
Payment to other governments	79,622	-	-
Other objects	125	-	-
Pension expense	7,676	1,916	-
	<u>582,125</u>	<u>42,264</u>	<u>22,654</u>
Total expenditures			
Net change in fund balance	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2016**

	Regional Safe Schools	ROE/ISC Operations	State and Federal Lunch and Breakfast	System of Support (RESPRO)
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	57,932	54,370	311	-
Federal sources	-	-	30,289	28,589
Interest	-	-	1	-
<b>Total revenues</b>	<b>57,932</b>	<b>54,370</b>	<b>30,601</b>	<b>28,589</b>
<b>Expenditures:</b>				
Salaries and benefits	47,020	17,600	4,940	904
Purchased services	3,113	17,349	22,588	5,916
Supplies and materials	2,175	10,002	674	1,748
Capital outlay	-	5,345	-	-
Payment to other governments	5,000	-	-	19,896
Other objects	-	2,000	-	-
Pension expense	624	2,074	-	125
<b>Total expenditures</b>	<b>57,932</b>	<b>54,370</b>	<b>28,202</b>	<b>28,589</b>
Net change in fund balance	-	-	2,399	-
Fund balances, beginning of year	-	-	7	-
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,406</u>	<u>\$ -</u>

**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, 2016**

	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Total
<b>Revenues:</b>				
Local sources	\$ 36,396	\$ -	\$ -	\$ 36,396
State sources	45,000	-	293,510	1,033,123
Federal sources	-	2,646	-	126,441
Interest	24	-	-	151
<b>Total revenues</b>	<b>81,420</b>	<b>2,646</b>	<b>293,510</b>	<b>1,196,111</b>
<b>Expenditures:</b>				
Salaries and benefits	89,423	108	250,893	729,714
Purchased services	12,974	2,521	5,681	184,715
Supplies and materials	22,425	-	2,666	135,837
Capital outlay	-	-	-	33,503
Payment to other governments	55,827	-	15,000	175,345
Other objects	-	-	-	2,125
Pension expense	15,060	17	19,270	46,762
<b>Total expenditures</b>	<b>195,709</b>	<b>2,646</b>	<b>293,510</b>	<b>1,308,001</b>
Net change in fund balance	(114,289)	-	-	(111,890)
Fund balances, beginning of year	8,059	-	-	8,066
Fund balances (deficits), end of year	<u>\$ (106,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103,824)</u>

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD – PRESCHOOL FOR ALL  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 582,000	\$ 582,000	\$ 582,000
Interest	-	-	125
	<u>582,000</u>	<u>582,000</u>	<u>582,125</u>
Total revenues	<u>582,000</u>	<u>582,000</u>	<u>582,125</u>
Expenditures:			
Salaries and benefits	316,870	313,170	305,384
Purchased services	101,438	96,315	98,109
Supplies and materials	61,870	69,293	67,414
Capital outlay	21,400	22,800	23,795
Payments to other governments	80,422	80,422	79,622
Other objects	-	-	125
Pension expense	-	-	7,676
	<u>582,000</u>	<u>582,000</u>	<u>582,125</u>
Total expenditures	<u>582,000</u>	<u>582,000</u>	<u>582,125</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 ACCOUNTS  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	\$ 32,435	\$ 45,019	\$ 42,264
Expenditures:			
Salaries and benefits	14,717	17,207	13,442
Purchased services	5,555	6,345	5,611
Supplies and materials	12,000	21,304	21,295
Payments to other governments	163	163	-
Pension expense	-	-	1,916
Total expenditures	<u>32,435</u>	<u>45,019</u>	<u>42,264</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 ACCOUNTS  
REGIONAL SAFE SCHOOLS  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 57,932	\$ 57,932	\$ 57,932
Expenditures:			
Salaries and benefits	48,310	48,310	47,020
Purchased services	3,051	3,051	3,113
Supplies and materials	1,571	1,571	2,175
Payments to other governments	5,000	5,000	5,000
Pension expense	-	-	624
Total expenditures	57,932	57,932	57,932
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

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

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 69,942	\$ 70,012	\$ 54,370
Expenditures:			
Salaries and benefits	20,583	20,583	17,600
Purchased services	23,703	22,203	17,349
Supplies and materials	20,156	16,026	10,002
Capital outlay	5,000	9,200	5,345
Payments to other governments	500	500	-
Other objects	-	1,500	2,000
Pension expense	-	-	2,074
Total expenditures	69,942	70,012	54,370
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
SYSTEM OF SUPPORT (RESPRO)  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 72,083	\$ 72,083	\$ 28,589
Expenditures:			
Salaries and benefits	1,311	1,311	904
Purchased services	19,264	18,544	5,916
Supplies and materials	1,808	1,808	1,748
Payments to other governments	49,700	50,420	19,896
Pension expense	-	-	125
Total expenditures	72,083	72,083	28,589
Net change in fund balance	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TECHNOLOGY FOR SUCCESS  
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 36,396
State sources	172,476	172,476	45,000
Interest	-	-	24
	<u>172,476</u>	<u>172,476</u>	<u>81,420</u>
Total revenues	<u>172,476</u>	<u>172,476</u>	<u>81,420</u>
Expenditures:			
Salaries and benefits	97,033	97,033	89,423
Purchased services	15,600	15,600	12,974
Supplies and materials	500	500	22,425
Capital outlay	1,000	1,000	-
Payments to other governments	58,343	58,343	55,827
Pension expense	-	-	15,060
	<u>172,476</u>	<u>172,476</u>	<u>195,709</u>
Total expenditures	<u>172,476</u>	<u>172,476</u>	<u>195,709</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(114,289)
Fund balance, beginning of year			<u>8,059</u>
Fund balance (deficit), end of year			<u>\$ (106,230)</u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	<u>\$ 2,646</u>	<u>\$ 2,646</u>	<u>\$ 2,646</u>
Expenditures:			
Salaries and benefits	122	122	108
Purchased services	2,524	2,524	2,521
Pension expense	<u>-</u>	<u>-</u>	<u>17</u>
Total expenditures	<u>2,646</u>	<u>2,646</u>	<u>2,646</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	<u>\$ 293,510</u>	<u>\$ 293,510</u>	<u>\$ 293,510</u>
Expenditures:			
Salaries and benefits	266,283	266,283	250,893
Purchased services	9,827	9,827	5,681
Supplies and materials	2,400	2,400	2,666
Payments to other governments	15,000	15,000	15,000
Pension expense	-	-	19,270
Total expenditures	<u>293,510</u>	<u>293,510</u>	<u>293,510</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

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

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

	<u>General Education Development</u>	<u>School Bus Driver Transportation</u>	<u>Institute</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,127	\$ 2,984	\$ 28,197	\$ 42,308
Due from other governments	<u>-</u>	<u>1,318</u>	<u>-</u>	<u>1,318</u>
 Total assets	 <u>\$ 11,127</u>	 <u>\$ 4,302</u>	 <u>\$ 28,197</u>	 <u>\$ 43,626</u>
<b>LIABILITIES</b>				
	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>				
Restricted	<u>11,127</u>	<u>4,302</u>	<u>28,197</u>	<u>43,626</u>
 Total liabilities and fund balances	 <u>\$ 11,127</u>	 <u>\$ 4,302</u>	 <u>\$ 28,197</u>	 <u>\$ 43,626</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, 2016**

	General Education Development	School Bus Driver Transportation	Institute	Total
Revenues:				
Local sources	\$ 883	\$ 2,794	\$ 29,185	\$ 32,862
State sources	-	1,318	-	1,318
Interest	14	6	57	77
	<u>897</u>	<u>4,118</u>	<u>29,242</u>	<u>34,257</u>
Total revenues				
Expenditures:				
Salaries and benefits	-	42	14,360	14,402
Purchased services	-	2,281	1,259	3,540
Supplies and materials	10	21	53	84
Pension expense	-	6	2,228	2,234
	<u>10</u>	<u>2,350</u>	<u>17,900</u>	<u>20,260</u>
Total expenditures				
Net changes in fund balances	<u>887</u>	<u>1,768</u>	<u>11,342</u>	<u>13,997</u>
Fund balances, beginning of year	<u>10,240</u>	<u>2,534</u>	<u>16,855</u>	<u>29,629</u>
Fund balances, end of year	<u>\$ 11,127</u>	<u>\$ 4,302</u>	<u>\$ 28,197</u>	<u>\$ 43,626</u>

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

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

	Regional Board of Trustees	School Facility Occupation Tax	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,218	\$ 167	\$ 1,385
Total assets	\$ 1,218	\$ 167	\$ 1,385
<b>LIABILITIES</b>			
Accounts payable	\$ 1,218	\$ -	\$ 1,218
Due to other governments	-	167	167
Total liabilities	\$ 1,218	\$ 167	\$ 1,385

**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, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>REGIONAL BOARD OF TRUSTEES</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,463	\$ 1,501	\$ 2,746	\$ 1,218
Total assets	<u>\$ 2,463</u>	<u>\$ 1,501</u>	<u>\$ 2,746</u>	<u>\$ 1,218</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,463	\$ 1,501	\$ 2,746	\$ 1,218
Total liabilities	<u>\$ 2,463</u>	<u>\$ 1,501</u>	<u>\$ 2,746</u>	<u>\$ 1,218</u>
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 90	\$ 603,396	\$ 603,319	167
Total assets	<u>\$ 90</u>	<u>\$ 603,396</u>	<u>\$ 603,319</u>	<u>\$ 167</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 90	\$ 603,396	\$ 603,319	\$ 167
Total liabilities	<u>\$ 90</u>	<u>\$ 603,396</u>	<u>\$ 603,319</u>	<u>\$ 167</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,553	\$ 604,897	\$ 606,065	\$ 1,385
Total assets	<u>\$ 2,553</u>	<u>\$ 604,897</u>	<u>\$ 606,065</u>	<u>\$ 1,385</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,463	\$ 1,501	\$ 2,746	\$ 1,218
Due to other governments	90	603,396	603,319	167
Total liabilities	<u>\$ 2,553</u>	<u>\$ 604,897</u>	<u>\$ 606,065</u>	<u>\$ 1,385</u>