

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

**FINANCIAL AUDIT
For the Year Ended June 30, 2018**

**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**

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 South Main
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	-
Repeated audit findings	-	-
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)			
2018-001	10-11	Delay of Audit	Noncompliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2017.

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, 2018. Throughout the audit, numerous meetings were held between the auditors and Regional Office to discuss matters contained in this audit report. Responses to the recommendations were provided by Monte Newlin, Regional Superintendent, on January 28, 2019.

**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.



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P.O. Box 945
Mattoon, Illinois 61938

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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, as of and for the year ended June 30, 2018, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, paragraph E in the notes to the financial statements, for the year ended June 30, 2018, the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12 adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents on pages 74 - 83 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 April 11, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12's 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.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 11, 2019



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Mattoon, Illinois 61938

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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, 2018, 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 April 11, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as finding 2018-001.

Regional Office of Education No. 12's Response to the Finding

The Clay, Crawford, Jasper, Lawrence, and Richland Regional Office of Education No. 12's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The 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.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 11, 2019

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, 2018

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? yes X 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, 2018**

Finding NO. 2018–001 – Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education No. 12 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General’s office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Condition:

The Regional Office of Education No. 12 did not provide completed financial statements in the appropriate format by the August 31 deadline.

Effect:

When financial statements and records are not provided in a timely manner, delays in the audit occur and the usefulness of the financial statements and related findings resulting from the audit is impacted. Additionally, untimely financial statements could result in repercussions from granting agencies including a loss of funding.

Cause:

According to Regional Office management, they were not aware of the August 31 deadline.

**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, 2018**

FINDING NO. 2018-001 – Delay of Audit (Continued)

Auditor’s Recommendation:

The Regional Office of Education No. 12 should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31 deadline.

Management’s Response:

Regional Office of Education No. 12 was not aware of the August 31 deadline to provide financial statements to the auditors.

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

**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS
For the year ended June 30, 2018**

Corrective Action Plan

FINDING NO. 2018-001 – Delay of Audit

Condition:

The Regional Office of Education No. 12 did not provide completed financial statements in the appropriate format by the August 31 deadline.

Plan:

Regional Office of Education No. 12 will provide financial reports to the auditors by August 31 in the future.

Anticipated Date of Completion:

August 31, 2019

Name of Contact Person:

Monte Newlin, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
For the year ended June 30, 2018**

There were no findings for the year ended June 30, 2017.

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
June 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,048,162	\$ 35,794	\$ 2,083,956
Due from other governments	148,180	3,095	151,275
Accounts receivable	2,135	-	2,135
Total current assets	2,198,477	38,889	2,237,366
Noncurrent assets:			
Capital assets, net	88,998	-	88,998
Net pension asset	231,482	-	231,482
Total noncurrent assets	320,480	-	320,480
Total assets	2,518,957	38,889	2,557,846
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	217,345	-	217,345
Deferred outflows related to OPEB	24,240	-	24,240
Total deferred outflows of resources	241,585	-	241,585
LIABILITIES			
Current liabilities:			
Accounts payable	28,806	-	28,806
Total current liabilities	28,806	-	28,806
Noncurrent liabilities:			
Net pension liability	57,813	-	57,813
Net OPEB liability	690,879	-	690,879
Total noncurrent liabilities	748,692	-	748,692
Total liabilities	777,498	-	777,498
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	425,370	-	425,370
Deferred inflows related to OPEB	72,549	-	72,549
Total deferred inflows of resources	497,919	-	497,919
NET POSITION			
Net investment in capital assets	88,998	-	88,998
Restricted for educational purposes	299,753	-	299,753
Unrestricted	1,096,374	38,889	1,135,263
Total net position	\$ 1,485,125	\$ 38,889	\$ 1,524,014

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, 2018**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional services:						
Salaries and benefits	\$ 1,162,391	\$ -	\$ 1,044,420	\$ (117,971)	\$ -	\$ (117,971)
Purchased services	266,636	-	239,575	(27,061)	-	(27,061)
Supplies and materials	110,139	-	98,961	(11,178)	-	(11,178)
Capital outlay	-	-	25,866	25,866	-	25,866
Other objects	4,401	-	3,954	(447)	-	(447)
Depreciation	28,292	-	-	(28,292)	-	(28,292)
OPEB expense	52,845	-	4,250	(48,595)	-	(48,595)
Intergovernmental:						
Payments to other governments	155,661	-	139,863	(15,798)	-	(15,798)
Administrative:						
On-behalf payments	723,535	-	-	(723,535)	-	(723,535)
Total governmental activities	<u>2,503,900</u>	<u>-</u>	<u>1,556,889</u>	<u>(947,011)</u>	<u>-</u>	<u>(947,011)</u>
Business-type activities:						
Operating	<u>22,555</u>	<u>19,165</u>	<u>-</u>	<u>-</u>	<u>(3,390)</u>	<u>(3,390)</u>
Total business-type activities	<u>22,555</u>	<u>19,165</u>	<u>-</u>	<u>-</u>	<u>(3,390)</u>	<u>(3,390)</u>
Total primary government	<u>\$ 2,526,455</u>	<u>\$ 19,165</u>	<u>\$ 1,556,889</u>	<u>(947,011)</u>	<u>(3,390)</u>	<u>(950,401)</u>
General revenues:						
Local sources				324,291	-	324,291
On-behalf payments				723,535	-	723,535
Loss on disposal of assets				(679)	-	(679)
Interest				6,495	219	6,714
Pension benefit				59,300	-	59,300
Total general revenues				<u>1,112,942</u>	<u>219</u>	<u>1,113,161</u>
Change in net position				165,931	(3,171)	162,760
Net position - beginning of year, restated (See Note 18)				<u>1,319,194</u>	<u>42,060</u>	<u>1,361,254</u>
Net position - end of year				<u>\$ 1,485,125</u>	<u>\$ 38,889</u>	<u>\$ 1,524,014</u>

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

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,980,053	\$ 28,963	\$ 39,146	\$ -	\$ 2,048,162
Due from other funds	144,111	-	-	(144,111)	-
Due from other governments	10,873	137,138	169	-	148,180
Accounts receivable	2,135	-	-	-	2,135
Total assets	\$ 2,137,172	\$ 166,101	\$ 39,315	\$ (144,111)	\$ 2,198,477
LIABILITIES					
Accounts payable	\$ 28,806	\$ -	\$ -	\$ -	\$ 28,806
Due to other funds	-	144,111	-	(144,111)	-
Total liabilities	28,806	144,111	-	(144,111)	28,806
FUND BALANCES					
Restricted	-	28,956	39,315	-	68,271
Assigned	1,822,804	-	-	-	1,822,804
Unassigned	285,562	(6,966)	-	-	278,596
Total fund balances	2,108,366	21,990	39,315	-	2,169,671
Total liabilities and fund balances	\$ 2,137,172	\$ 166,101	\$ 39,315	\$ (144,111)	\$ 2,198,477

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, 2018**

Total fund balance – governmental funds		\$ 2,169,671
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 217,345	
Deferred inflows of resources related to pensions	(425,370)	
Deferred outflows of resources related to OPEB	24,240	
Deferred inflows of resources related to OPEB	<u>(72,549)</u>	(256,334)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	\$ (57,813)	
Net OPEB liability	<u>(690,879)</u>	(748,692)
Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.		
Net pension asset		231,482
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
		<u>88,998</u>
Net position of governmental activities		<u><u>\$ 1,485,125</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, 2018**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 289,782	\$ 75	\$ 34,434	\$ 324,291
State sources	290,785	1,525,900	1,314	1,817,999
Federal sources	-	123,700	-	123,700
Interest	6,196	156	143	6,495
On-behalf payments	275,336	-	-	275,336
Total revenues	<u>862,099</u>	<u>1,649,831</u>	<u>35,891</u>	<u>2,547,821</u>
Expenditures:				
Instructional services:				
Salaries and benefits	362,828	777,461	22,102	1,162,391
Purchased services	86,941	174,745	4,950	266,636
Supplies and materials	8,085	101,702	352	110,139
Other objects	1,191	3,210	-	4,401
Pension expense	25,102	41,255	3,031	69,388
On-behalf payments	275,336	-	-	275,336
OPEB expense	1,222	3,506	-	4,728
Intergovernmental:				
Payments to other governments	-	155,661	-	155,661
Capital outlay	8,914	16,952	-	25,866
Total expenditures	<u>769,619</u>	<u>1,274,492</u>	<u>30,435</u>	<u>2,074,546</u>
Net changes in fund balances	92,480	375,339	5,456	473,275
Fund balances (deficits), beginning of year	<u>2,015,886</u>	<u>(353,349)</u>	<u>33,859</u>	<u>1,696,396</u>
Fund balances, end of year	<u><u>\$ 2,108,366</u></u>	<u><u>\$ 21,990</u></u>	<u><u>\$ 39,315</u></u>	<u><u>\$ 2,169,671</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**

**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, 2018**

Net changes in fund balances – governmental funds \$ 473,275

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

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

Capital outlay	\$ 25,866	
Depreciation expense	<u>(28,292)</u>	(2,426)

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.

Prior year unavailable revenue		(384,810)
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Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension contributions	\$ 69,388	
Pension benefit	59,300	
OPEB contribution	4,728	
OPEB expense	<u>(52,845)</u>	80,571

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.

Loss on disposal of assets		<u>(679)</u>
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Change in net position of governmental activities		<u><u>\$ 165,931</u></u>
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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, 2018

	Business-Type Activities
	<u>Local</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 35,794
Due from other governments	<u>3,095</u>
Total assets	<u>38,889</u>
NET POSITION	
Unrestricted	<u>38,889</u>
Total net position	<u><u>\$ 38,889</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, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND**

For the year ended June 30, 2018

	Business-Type Activities
	Local
Operating revenues:	
Charges for services	\$ 19,165
Operating expenses:	
Salaries and benefits	1,574
Purchased services	16,104
Supplies and materials	4,637
Payments to other governments	183
Depreciation	57
Total operating expenses	22,555
Operating loss	(3,390)
Nonoperating revenues:	
Interest	219
Change in net postion	(3,171)
Net postion, beginning of year	42,060
Net position, end of year	\$ 38,889

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, 2018**

	Business-Type Activities
	Local
Cash flows from operating activities:	
Receipts from customers	\$ 18,770
Payments to suppliers and providers of goods and services	(20,924)
Payments to employees	(1,574)
Net cash used for operating activities	(3,728)
Cash flows from investing activities:	
Interest received	219
Net decrease in cash and cash equivalents	(3,509)
Cash and cash equivalents - beginning	39,303
Cash and cash equivalents - ending	\$ 35,794
Reconciliation of operating income (loss) to net cash used for operating activities:	
Operating loss	\$ (3,390)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	57
Increase in due from other governments	(395)
Net cash used for operating activities	\$ (3,728)

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, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 728</u>
LIABILITIES	
Accounts payable	\$ 2
Due to other governments	<u> 726</u>
Total liabilities	<u>\$ 728</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 Office 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.

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 State 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 or OPEB 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 government 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 unrecognized items that have not yet reduced pension and OPEB expense.

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. Technology for Success's fund balance is restricted by grant agreements. The following funds are restricted by Illinois Statute: General Education Development, School Bus Driver Transportation, and Institute.

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

Assigned Fund Balance - the portion of a governmental fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: General State Aid - Truant Alternative/Optional Education, 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 State and Federal Lunch and Breakfast.

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)

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

7. **Post-employment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the Regional Office of Education No. 12's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Regional Office of Education No. 12's OPEB Plan, and additions to/deductions from the Regional Office of Education No. 12's fiduciary net position have been determined on the same basis as they are reported by the Regional Office of Education No. 12's Plan. For this purpose, the Regional Office of Education No. 12's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Regional Office of Education No. 12's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the ROE's single-employer defined benefit OPEB plan have been actuarially determined using the Alternative Measurement Method.

E. **New Accounting Pronouncements**

In 2018, the Regional Office of Education No. 12 implemented Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, GASB Statement No. 85 – *Omnibus 2017*, and GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The implementation of GASB Statement of GASB No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. The implementation of GASB Statement No. 81, GASB Statement No. 85, and GASB Statement No. 86 had no significant 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.

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

NOTES TO FINANCIAL STATEMENTS

3. USE OF ESTIMATES

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

4. INTEREST ON 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.

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2018, the carrying amount of the Regional Office of Education No. 12's governmental activities, business-type activities, and fiduciary funds were \$2,042,199, \$35,794, \$332 respectively. The bank balances totaled \$2,047,080 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, 2018, 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 \$5,963 and \$396 respectively. The bank balance invested in the Illinois Funds Money Market Fund was \$6,359. 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, 2018, the Illinois Funds Money Market Fund had a Standard and Poor's AAAm rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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

NOTES TO FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk

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

Concentration of Credit Risk

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

6. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education No. 12 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 12 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

7. CONTINGENCIES

The Regional Office of Education No. 12 has received funding from federal and State grants in the current and prior years, which are subject to audits by granting agencies. The Regional Office of Education No. 12 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 12's operations.

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

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 282,094	\$ 25,866	\$ 16,823	\$ 291,137
Less accumulated depreciation for:				
Office equipment	<u>(189,991)</u>	<u>(28,292)</u>	<u>(16,144)</u>	<u>(202,139)</u>
Governmental activities capital assets, net	<u>\$ 92,103</u>	<u>\$ (2,426)</u>	<u>\$ 679</u>	<u>\$ 88,998</u>
Business-type activities:				
Capital assets being depreciated:				
Office equipment	\$ 3,395	\$ -	\$ -	\$ 3,395
Less accumulated depreciation for:				
Office equipment	<u>(3,338)</u>	<u>(57)</u>	<u>-</u>	<u>(3,395)</u>
Business-type activities capital assets, net	<u>\$ 57</u>	<u>\$ (57)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:		
Instructional services		<u>\$ 28,292</u>
Business-type activities:		
Instructional services		<u>\$ 57</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 www.trsil.org/financial/cafrs/fy2017; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, 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.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019

**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, 2017, was 9.0 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, 2018, 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 \$391,686 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, 2018, were \$3,116, and are deferred because they were paid after the June 30, 2017 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, 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 program that ended June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the Regional Office of Education No. 12 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, 2018, 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, 2018, 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	\$ 57,813	
State's proportionate share of the net pension liability associated with the employer		3,979,936
		\$ 4,037,749

**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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2017, the Regional Office of Education No. 12's proportion was 0.0000756727 percent, which was a decrease of 0.0000029196 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Regional Office of Education No. 12 recognized pension expense of \$391,686 and revenue of \$391,686 for support provided by the State. At June 30, 2018, the Regional Office of Education No. 12 recognized a pension benefit of \$14,429. At June 30, 2018, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 628	\$ 27
Net difference between projected and actual earnings on pension plan investments	40	-
Changes of assumptions	3,859	1,661
Changes in proportion and differences between employer contributions and proportionate share of contributions.	17,107	35,906
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	21,634	37,594
Employer Contributions Made Subsequent to the Measurement Date	3,116	-
Total Deferred Amounts Related to Pensions	\$ 24,750	\$ 37,594

**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)

\$3,116 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows/ (Inflows) of Resources
<u> </u>	<u> </u>
2019	\$ (19,141)
2020	4,858
2021	(501)
2022	(1,075)
2023	(101)
Total	<u>\$ (15,960)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions

Inflation	2.50%
Salary increases	Varies by amount of service credit
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

**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 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.

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bond core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
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, 2017, the discount rate used to measure the total pension liability was 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 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, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so a 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, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were not 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Lower 6.00%	Current Discount Rate 7.00%	1% Higher 8.00%
Employer's proportionate share of the net pension liability	\$ 71,030	\$ 57,813	\$ 46,986

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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

NOTES TO FINANCIAL STATEMENTS

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

B. **Illinois Municipal Retirement Fund**

IMRF Plan Description

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

Benefits Provided

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

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

**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)

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, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	48
Inactive plan members entitled to but not yet receiving benefits	67
Active plan members	<u>16</u>
Total	<u><u>131</u></u>

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 2017 was 14.66%. For the calendar year 2017, the Regional Office of Education No. 12 contributed \$67,822 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
REGIONAL OFFICE OF EDUCATION NO. 12**

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, 2017. 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, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates 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-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Disabled Retirees Mortality Table with adjustments to match current IMRF experience..
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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, 2017:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	6.85%
International equity	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternatives:	7%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

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

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, 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

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2016	\$ 4,798,842	\$ 4,460,095	\$ 338,747
Changes for the year:			
Service cost	48,691	-	48,691
Interest on the total pension liability	352,553	-	352,553
Differences between expected and actual experience of the total pension liability	55,875	-	55,875
Changes in assumptions	(156,218)	-	(156,218)
Contributions - employer	-	67,822	(67,822)
Contributions - employees	-	26,685	(26,685)
Net investment income	-	780,857	(780,857)
Benefit payments, including refunds of employee contributions	(244,970)	(244,970)	-
Other (net transfer)	-	(4,234)	4,234
Net changes	<u>55,931</u>	<u>626,160</u>	<u>(570,229)</u>
Balances at December 31, 2017	<u>\$ 4,854,773</u>	<u>\$ 5,086,255</u>	<u>\$ (231,482)</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:

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
	<u> </u>	<u> </u>	<u> </u>
Net Pension Liability/(Asset)	<u>\$ 394,825</u>	<u>\$ (231,482)</u>	<u>\$ (740,547)</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, 2018, the Regional Office of Education No. 12 recognized pension benefit of \$44,871. At June 30, 2018, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 8,583	\$ -
Changes of assumptions	-	23,998
Net difference between projected and actual earnings on pension plan investments	152,441	363,778
Total Deferred Amounts to be Recognized in Pension expense in future periods	161,024	387,776
Employer Contributions made Subsequent to the Measurement Date	31,571	-
Total Deferred Amounts Related to Pensions	\$ 192,595	\$ 387,776

\$31,571 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Inflows of Resources
2018	\$ 28,438
2019	18,746
2020	88,625
2021	90,943
Total	\$ 226,752

**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

Plan Description

The Regional Office of Education No. 12 participates in the Teachers' Health Insurance Security (THIS) Fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative cost. The THIS fund is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding Chicago Public School System. THIS health covered includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

Benefits Provided

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.

A 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.

**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)

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. For the year ended June 30, 2018, 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 OPEB liability associated with the Regional Office of Education No. 12, and recognized revenue and expenditures of \$56,513 in OPEB contributions from the State of Illinois

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 0.88 percent during the year ended June 30, 2018 and 0.84 and 0.80 percent during the years ended June 30, 2017 and June 30, 2016, respectively. For the year ended June 30, 2018, the Regional Office of Education No. 12 paid \$4,728 to the THIS Fund. For the years ended June 30, 2017 and June 30, 2016, the Regional Office of Education No. 12 paid \$4,515 and \$4,198 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further Information on the THIS Fund

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuations as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**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)

Actuarial Assumptions (Continued)

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

**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)

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate.

The following presents the Regional Office of Education No. 12's proportionate share of the collective net OPEB liability, as well as what the ROE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 727,727	\$ 606,389	\$ 509,394

Sensitivity of the employer's proportionate share of the collective Net OPEB Liability to changes in the healthcare cost trend rates

The following table shows the Regional Office of Education No. 12's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease*	Healthcare Cost Trend Rates	1% Increase**
Employer's proportionate share of the collective net OPEB liability	\$ 489,460	\$ 606,389	\$ 774,348

* One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.09% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

** One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

**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)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Regional Office of Education No. 12 reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Regional Office of Education No. 12. The amount recognized by the Regional Office of Education No. 12 as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Regional Office of Education No. 12 were as follows:

Employer's proportionate share of the net OPEB liability	\$ 606,389
State's proportionate share of the net OPEB liability associated with the employer	<u>796,411</u>
Total	<u><u>\$ 1,402,800</u></u>

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 but was rolled forward to the June 30, 2017 measurement date. The Regional Office of Education No. 12's proportion of the collective net OPEB liability was based on a projection of the Regional Office of Education No. 12's long-term share of contributions to the OPEB plan relative to the projected contributions of the Regional Office of Education No. 12, actuarially determined. At June 30, 2017, the Regional Office of Education's No. 12 proportion was 0.002337 percent, which was an increase of 0.000084 from its proportion measured as of June 30, 2016 (0.002253 percent). The State's support and total are for disclosure purposes only.

**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)

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

For the year ending June 30, 2018, the Regional Office of Education No. 12 recognized OPEB expense of \$56,513, and revenue of \$56,513 for support provided by the State. For the year ending June 30, 2018, the Regional Office of Education No. 12 recognized OPEB expense of \$48,070. At June 30, 2018, the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 343
Changes of assumptions	-	72,199
Net difference between projected and actual earnings on earnings on OPEB plan investments	-	7
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,512	-
Employer contributions subsequent to the measurement date	4,728	-
Total Deferred Amounts Related to OPEB	\$ 24,240	\$ 72,549

\$4,728 reported as deferred outflows of resources related to OPEB resulting from Regional Office of Education No. 12 contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Regional Office of Education No. 12's OPEB expense as follows:

Year Ending June 30,	Net Deferred Inflows of Resources
2019	\$ 8,148
2020	8,148
2021	8,148
2022	8,148
2023	8,146
2024	8,146
2025	4,153
Total	\$ 53,037

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)

THIS Fiduciary Net Position:

Detailed information about the THIS Fund fiduciary net position as of June 30, 2017, is available in the separately issued THIS Financial Report.

B. **Health Insurance**

Plan Description

The Regional Office of Education No. 12 provides a single-employer defined-benefit postemployment healthcare plan to retirees who participate in the IMRF retirement plan. This plan extends the same health benefits to annuitants as to active employees in the IMRF plan. The Governmental Accounting Standards Board (GASB) issued Statement No.'s 74 and 75 that established generally accepted accounting principles for the annual financial statements for postemployment benefit plans other than pension plans. The required information is as follows:

Eligibility Provisions

Full-Time Employees – IMRF

Tier I IMRF Full-Time employees

- Age 55 with at least 8 years of service (Reduced Pension).
- Age 55 with at least 30 years of service (Reduced Pension).
- Age 55 with at least 35 years of service (Full Pension).
- Age 60 with at least 8 years of service (Full Pension).

Tier II IMRF Full-Time employees

- Age 62 with at least 10 years of service (Reduced Pension).
- Age 62 with at least 30 years of service (Reduced Pension).
- Age 62 with at least 35 years of service (Full Pension).
- Age 67 with at least 10 years of service (Full Pension).

Full-Time Employees – TRS

Tier I TRS Full-Time employees

- Age 55 with at least 20 years of service (Reduced Pension).
- Age 55 with at least 35 years of service (Full Pension).
- Age 60 with at least 10 years of service (Full Pension).
- Age 62 with at least 5 years of service (Full Pension).

Tier II TRS Full-Time employees

- Age 62 with at least 10 years of service (Reduced Pension).
- Age 67 with at least 10 years of service (Full Pension).

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

NOTES TO FINANCIAL STATEMENTS

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

B. **Health Insurance** (Continued)

Plan Description (Continued)

Medical Coverage

Types of Coverage:

PPO 1000d
PPO 250d
HMO 100a

Coverage Provisions

Full-Time Employees – IMRF

Pre-65 Coverage:

IMRF employees may continue ROE health insurance in retirement, however they are responsible for paying the full cost of the medical premium.

Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage.

Post-65 Coverage:

IMRF employees may continue ROE health insurance in retirement past Medicare eligibility, however they are responsible for paying the full cost of the medical premium.

Eligible Spouse/Dependent coverage may continue should the Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent is responsible for the full cost of coverage.

Coverage is secondary to Medicare once applicable.

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

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

B. **Health Insurance** (Continued)

Plan Description (Continued)

Coverage Provisions (Continued)

Retirees- TRS

Pre-65/Post-65 Coverage:

TRS employees are not permitted to remain on ROE insurance in retirement and must seek outside coverage such as that offered through the THIS (Teacher Health Insurance Security) Fund. ROE contributes to the THIS Fund – which provides medical and prescription benefits to TRS retirees – as required while employees are active.

Once retired, ROE does not pay for any portion of the premium in retirement nor provide a reimbursement/stipend for insurance costs.

Dental and Vision Coverage

Types of Coverage:

Dental
Vision
Life Insurance

Coverage Provision

Retirees – IMRF

IMRF Retirees may continue dental or vision insurance in retirement. They are not permitted to continue life insurance through ROE.

The Retiree is responsible for the full premium cost of coverage.

Retirees –TRS

TRS Retirees are not permitted to continue dental, vision, or life insurance in retirement.

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Plan Description (Continued)

Benefits Provided

The Regional Office of Education No. 12 provides continued health insurance coverage at the blended employer rate to all eligible Regional Office of Education No. 12 retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. The Regional Office of Education No. 12 offers the health insurance plan to full-time IMRF employees. Retirees pay the full cost of coverage. Eligible spouse or dependent coverage may continue should the retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The spouse or dependent is responsible for the full cost of the coverage.

Membership

At June 30, 2018 membership consisted of:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	23
Total	23

Funding Policy and Contributions

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liabilities are currently an unfunded obligation.

The employer contributions and benefit payments are related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

There were no contributions from other Regional Office of Education No. 12 resources and benefit payments nor from other Regional Office of Education No. 12 resources are contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Net OPEB Liability

The total OPEB liability for the current fiscal year has been developed based on the July 1, 2017 actuarial valuation date and adjusted to the June 30, 2018 measurement date based on procedures that conform to the Alternative Measurement Method and generally accepted actuarial principles and practices.

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Actuarial Assumptions

Discount rate used for the total OPEB liability	3.87%
Long-term expected rate of return on plan assets	N/A. OPEB obligation is unfunded.
High quality 20 year tax-exempt G.O. Bond rates	3.87%
Salary increases	The salary increase assumption of 2.25% was based on a review of the IMRF December 31, 2017 Actuarial Valuation and TRS June 30, 2017 Actuarial Valuation.
Annual blended premium	See Table Below
Healthcare trend rate	Initial trend rate is based on the 2018 Segal Health Plan Cost Trend Survey. For fiscal years on and after 2018, trend starts at 7.70% for PPO and 6.90% for HMO for both non-Medicare and Post-Medicare costs and gradually decreases to an ultimate trend of 5.00%.
Retiree contribution rates	Same as Healthcare Trend Rates.

Annual Blended Premiums				
	Under Age 65		Age 65 - & Over	
	<u>Retiree</u>	<u>Spouse</u>	<u>Retiree</u>	<u>Spouse</u>
PPO 250	\$8,676	\$9,276	\$5,640	\$6,240
PPO 1000	\$7,224	\$7,740	\$4,692	\$5,208
HMO	\$8,040	\$8,568	\$5,232	\$5,760

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

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

B. **Health Insurance** (Continued)

IMRF Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

The retirement rates disclosed in the IMRF December 31, 2017 Actuarial Valuation were used to estimate the single retirement ages pursuant to the Alternative Measurement Method for GASB 74/75.

For any active participant who will not meet the service requirement necessary to retire at the single retirement ages, it is assumed they have prior service with a different employer and therefore will be eligible to retire. In the current valuation, there are no participants impacted by this assumption.

The mortality rates were used to estimate the single age at death per participant pursuant to the Alternative Measurement Method for GASB 74/75.

The probability of working to the assumed retirement age was determined based on the underlying termination rates pursuant to the Alternative Measurement Method for GASB 74/75.

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	OPEB Net Liability (Asset) (A) - (B)
Balances at July 1, 2017	\$ 79,715	\$ -	79,715
Changes for the year:			
Service Cost	1,690	-	1,690
Interest	3,085	-	3,085
Actuarial changes	-	-	-
Plan changes	-	-	-
Contributions - employer	-	-	-
Contributions - employees	-	-	-
Contributions - other	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>4,775</u>	<u>-</u>	<u>4,775</u>
Balances at June 30, 2018	<u>\$ 84,490</u>	<u>\$ -</u>	<u>\$ 84,490</u>

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Clay, Crawford, Jasper, Lawrence, and Richland Counties Regional Office of Education No. 12, then only the municipal bond rate is used in determining the total OPEB liability.

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Discount Rate (Continued)

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net OPEB liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net OPEB liability associated with those payments

Projected benefit payments are determined during the valuation process based on the assumptions. The expected contributions are based on the funding policy of the plan.

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate is the June 28, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yield of the bonds.

Sensitivity of the Discount Rate

The following presents the Regional Office of Education No. 12's total OPEB liability calculated using a discount rate of 3.87%, as well as what the ROE's total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point higher (4.87%) or 1-percentage-point lower (2.87%) than the current discount rate:

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Sensitivity of the Discount Rate (Continued)

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Employer's proportionate share of the collective net OPEB liability	\$ 100,332	\$ 84,490	\$ 71,804

Sensitivity of the Healthcare Trend Rates

The following presents the Regional Office of Education No. 12's total OPEB liability, calculated using the healthcare cost trend rates as well as what the ROE's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 7.70% in 2018 decreasing to an ultimate trend rate of 5.00% in 2027 for both PPO and HMO non-Medicare and post-Medicare coverage.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's Net OPEB Liability	\$ 70,358	\$ 84,490	\$ 102,084

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ending June 30, 2018, the Regional Office of Education No. 12 recognized OPEB expense of \$4,775. At June 30, 2018 the Regional Office of Education No. 12 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
	-	-
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	-	-
Employer Contributions Made Subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to OPEB	\$ -	\$ -

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

NOTES TO FINANCIAL STATEMENTS

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Health Insurance (Continued)

Contributions subsequent to the measurement date may be recognized as a reduction to the net OPEB liability. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

Year Ending June 30,	Net Deferred Outflows of Resources
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Total	\$ -

11. LONG-TERM LIABILITIES (ASSETS)

Long-term Liability (Asset) Activity

The following is a summary of the changes in the Regional Office of Education No. 12's long-term liabilities (assets):

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Net pension liability - TRS	\$ 62,038	\$ -	\$ 4,225	\$ 57,813
Net pension liability (asset) - IMRF	338,747	-	570,229	(231,482)
Net OPEB liability - THIS*	615,872	-	9,483	606,389
Net OPEB liability - Health Insurance*	79,715	4,775	-	84,490
Total long-term liabilities	\$ 1,096,372	\$ 4,775	\$ 583,937	\$ 517,210

*Restated beginning balance

Payments on the net pension and OPEB liabilities are made by the governmental funds.

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

NOTES TO FINANCIAL STATEMENTS

12. 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 \$1,082,500 on the Regional Superintendent.

13. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2018, interfund receivables and payables were as follows:

Fund	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 144,111	\$ -
Education Fund	-	144,111
Totals	<u>\$ 144,111</u>	<u>\$ 144,111</u>

All of the interfund balances due to the General Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

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

NOTES TO FINANCIAL STATEMENTS

14. 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, 2018:

Due From Other Governments:

General Fund:

Local Governments	<u>\$ 10,873</u>
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Education Fund:

Illinois State Board of Education	97,912
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Regional Office of Education No. 21	<u>39,226</u>
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	<u>137,138</u>
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Nonmajor Special Revenue Fund:

Illinois State Board of Education	<u>169</u>
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Proprietary Fund:

Local Governments	<u>3,095</u>
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	<u><u>\$ 151,275</u></u>
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Due To Other Governments:

Agency Fund:

Local Governments	<u><u>\$ 726</u></u>
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**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 12**

NOTES TO FINANCIAL STATEMENTS

15. 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	\$ 110,208
Regional Superintendent-benefits (includes State paid insurance)	33,298
Assistant Regional Superintendent-salary	99,192
Assistant Regional Superintendent-benefits (includes State paid insurance)	32,638
	\$ 275,336

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 \$391,686 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. The Regional Office of Education No. 12 recorded \$56,513 in revenue and expenses as on behalf payments from the State for the Regional Office's share of the State's Teachers' Health Insurance Security (THIS) OPEB 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	\$ 275,336
ROE 12's share of TRS pension expense	391,686
ROE 12's share of THIS OPEB expense	56,513
Total	\$ 723,535

16. OPERATING LEASES

The Regional Office of Education No. 12 has four (4) annual operating leases for the Truants Alternative, Regional Safe School, and Early Education programs. Three of the four leases expire at fiscal year-end and have historically been renewed on an annual basis.

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

NOTES TO FINANCIAL STATEMENTS

16. OPERATING LEASES (Continued)

On September 1, 2017, the Regional Office entered into a lease agreement for new office space. The lease term is September 1, 2017 through August 31, 2027.

Rental expense for the year ended June 30, 2018 was \$54,090.

Future minimum rentals for the year ending June 30 are:

For the Year Ending June 30,	Amount
<u> </u>	<u> </u>
2019	\$ 9,900
2020	9,900
2021	9,900
2022	9,900
2023	10,890
2024-2028	<u>45,365</u>
Total	<u><u>\$ 95,855</u></u>

17. DEFICIT FUND BALANCE/NET POSITION

The following individual fund carried a deficit fund balance as of June 30, 2018:

State and Federal Lunch and Breakfast	\$ 6,966
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The Regional Office of Education No. 12 anticipates transferring money to cover the deficit.

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

NOTES TO FINANCIAL STATEMENTS

18. CHANGE IN ACCOUNTING PRINCIPLE

The Regional Office of Education No. 12 has restated net position of the governmental activities as of June 30, 2017. The governmental activities' net position was restated to present a net OPEB liability and the related deferred outflows of resources in accordance with Governmental Accounting Standards Board Statement No. 75.

	<u>Governmental Activities</u>
Net position at June 30, 2017	\$ 2,010,265
Recognition of OPEB liability	(695,587)
Recognition of deferred outflows related to OPEB	<u>4,516</u>
Net position restated at June 30, 2017	<u><u>\$ 1,319,194</u></u>

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, 2018

(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015 and 2014)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 48,691	\$ 48,472	\$ 43,657	\$ 45,720
Interest on the total pension liability	352,553	340,973	335,681	312,594
Differences between expected and actual experience of the total pension liability	55,875	6,599	(79,667)	28,997
Changes of assumptions	(156,218)	-	-	139,168
Benefit payments, including refunds of employee contributions	<u>(244,970)</u>	<u>(238,543)</u>	<u>(224,507)</u>	<u>(210,730)</u>
Net change in total pension liability	55,931	157,501	75,164	315,749
Total pension liability - beginning	<u>4,798,842</u>	<u>4,641,341</u>	<u>4,566,177</u>	<u>4,250,428</u>
Total pension liability - ending (A)	<u>4,854,773</u>	<u>4,798,842</u>	<u>4,641,341</u>	<u>4,566,177</u>

**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, 2018

(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015 and 2014)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Plan Fiduciary Net Position				
Contributions - employer	67,822	82,622	78,982	85,503
Contributions - employees	26,685	29,121	26,508	22,550
Net investment income	780,857	303,462	(25,276)	286,190
Benefit payments, including refunds of employee contributions	(244,970)	(238,543)	(224,507)	(216,346)
Other (net transfer)	(4,234)	(5,087)	3,557	(3,780)
Net change in plan fiduciary net position	<u>626,160</u>	<u>171,575</u>	<u>(140,736)</u>	<u>174,117</u>
Plan fiduciary net position - beginning	<u>4,460,095</u>	<u>4,288,520</u>	<u>4,429,256</u>	<u>4,255,139</u>
Plan fiduciary net position - ending (B)	<u>5,086,255</u>	<u>4,460,095</u>	<u>4,288,520</u>	<u>4,429,256</u>
Net pension liability(asset) - ending (A) - (B)	<u>\$ (231,482)</u>	<u>\$ 338,747</u>	<u>\$ 352,821</u>	<u>\$ 136,921</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.77%	92.94%	92.40%	97.00%
Covered Valuation Payroll	\$ 462,636	\$ 450,997	\$ 426,236	\$ 378,331
Net Pension Liability as a Percentage of Covered Valuation Payroll	-50.04%	75.11%	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, 2018

(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015, and 2014)

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2017	\$ 67,822	\$ 67,822	\$ -	\$ 462,636	14.66%
2016	82,622	82,622	-	450,997	18.32%
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 2017 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 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26 year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

**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, 2018

(Amounts presented are for the calendar years ended December 31, 2017, 2016, 2015, and 2014)

Methods and Assumptions Used to Determine 2016 Contribution Rates: (Concluded):

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from 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 2012). 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2015, 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, 2018

(Amounts presented are for the years ended June 30, 2017, 2016, 2015 and 2014)

	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.0000756727%	0.0000785923%	0.0000876320%	0.0000192287%
Employer's proportionate share of the net pension liability	\$ 57,813	\$ 62,038	\$ 57,408	\$ 11,702
State's proportionate share of the net pension liability associated with the employer	3,979,936	4,165,320	3,427,997	729,764
Total	\$ 4,037,749	\$ 4,227,358	\$ 3,485,405	\$ 741,466
Employer's covered payroll	\$ 537,535	\$ 556,580	\$ 552,530	\$ 561,409
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	10.76%	11.15%	10.39%	2.08%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	36.4%	41.5%	43%

Notes to Schedules:

Changes of assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed vary by age.

**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, 2018**

Fiscal Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Contribution as a Percentage of Covered Payroll
2018	\$ 3,116	\$ 3,116	\$ -	\$ 537,288	0.58%
2017	3,118	3,118	-	537,535	0.58%
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.

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

**TEACHER'S HEALTH INSURANCE SECURITY FUND –
SCHEDULES OF THE EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30, 2018, 2017, 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily-required contribution	\$ 4,728	\$ 4,515	\$ 4,198
Contributions in relation to the statutorily-required contribution	<u>4,728</u>	<u>4,515</u>	<u>4,198</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 537,288	\$ 537,535	\$ 556,580
Contributions as a percentage of covered payroll	0.88%	0.84%	0.75%

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 which information is available.

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

**TEACHER'S HEALTH INSURANCE SECURITY FUND –
SCHEDULES OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
(UNAUDITED)**

**For the year ended June 30, 2018 and 2017
(Amounts presented are for the years ended June 30, 2017 and 2016)**

	2017*	2016*
Employer's proportion of the net OPEB liability	0.002337%	0.002253%
Employer's proportion share of the net OPEB liability	\$ 606,389	\$ 615,872
Employer's covered payroll	\$ 537,535	\$ 556,580
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	112.81%	110.65%
Plan fiduciary net position as a percentage of the net OPEB liability	(0.17%)	(0.22%)

*The amount presented for each fiscal year were determined as of the prior fiscal year.

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

Notes to Required Supplementary Information

Changes of Benefit Term

In the June 30, 2018 actuarial valuation, there are no change of benefit terms from the prior period.

Changes of Assumptions

Because this is the implementation year for GASB 75, the beginning Total OPEB Liability is based on the same assumptions, data, and plan provisions as the ending Total OPEB Liability. For the purpose of developing changes in OPEB Liability for GASB 75 reporting, there have been no changes in assumption from the prior period.

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

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the year ended June 30, 2018

	2018
Actuarially determined contribution	N/A
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	N/A
Employer's covered payroll	\$ 836,502
Contributions as a percentage of covered payroll	0.0%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liabilities. However, the Regional Office of Education No. 12 did not make contributions from the other Regional Office of Education No. 12 resources in the current year.

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**

**OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE -
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY & RELATED RATIOS
(UNAUDITED)
For the year ended June 30, 2018**

Total OPEB Liability	<u>2018</u>
Service cost	\$ 1,690
Interest	3,085
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	<u>-</u>
Total change in total OPEB liability	4,775
Total OPEB liability - beginning	<u>79,715</u>
Total OPEB liability - ending (A)	<u>84,490</u>
 Plan Fiduciary Net Position	
Contributions - employer	-
Contributions - employees	-
Contributions - other	-
Net investment income	-
Benefit payments	-
Administrative expense	-
Total change in OPEB plan net position	-
OPEB plan net position - beginning	<u>-</u>
OPEB plan net position - ending (B)	-
Employer Total OPEB liability - ending (A) - (B)	<u><u>\$ 84,490</u></u>
 OPEB Plan Net Position as a Percentage of the Total OPEB Liability	 0.00%
 Covered Payroll	 \$ 836,502
 Employer Total OPEB Liability as a Percentage of Covered Payroll	 10.10%

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

SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2018**

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects
ASSETS			
Cash and cash equivalents	\$ 1,102,550	\$ 576,487	\$ 151,923
Due from other funds	144,459	-	-
Due from other governments	-	-	669
Accounts receivable	-	-	2,135
	<u>\$ 1,247,009</u>	<u>\$ 576,487</u>	<u>\$ 154,727</u>
LIABILITIES			
Accounts payable	\$ 185	\$ 159	\$ 28,423
Due to other funds	-	348	-
	<u>185</u>	<u>507</u>	<u>28,423</u>
FUND BALANCES			
Assigned	1,246,824	575,980	-
Unassigned	-	-	126,304
	<u>1,246,824</u>	<u>575,980</u>	<u>126,304</u>
Total liabilities and fund balances	<u>\$ 1,247,009</u>	<u>\$ 576,487</u>	<u>\$ 154,727</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (CONCLUDED)
GENERAL FUND
June 30, 2018**

	Office	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 149,093	\$ -	\$ 1,980,053
Due from other funds	-	(348)	144,111
Due from other governments	10,204	-	10,873
Accounts receivable	-	-	2,135
	<u>159,297</u>	<u>(348)</u>	<u>2,137,172</u>
Total assets	<u>\$ 159,297</u>	<u>\$ (348)</u>	<u>\$ 2,137,172</u>
LIABILITIES			
Accounts payable	\$ 39	\$ -	\$ 28,806
Due to other funds	-	(348)	-
	<u>39</u>	<u>(348)</u>	<u>28,806</u>
Total liabilities	<u>39</u>	<u>(348)</u>	<u>28,806</u>
FUND BALANCES			
Assigned	-	-	1,822,804
Unassigned	159,258	-	285,562
	<u>159,258</u>	<u>-</u>	<u>2,108,366</u>
Total fund balances	<u>159,258</u>	<u>-</u>	<u>2,108,366</u>
Total liabilities and fund balances	<u>\$ 159,297</u>	<u>\$ (348)</u>	<u>\$ 2,137,172</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, 2018**

	General State Aid - Truant Alternative/ Optional Education	General State Aid - Regional Safe Schools	Special Projects	Office	Total
Revenues:					
Local sources	\$ 156	\$ -	\$ 58,362	\$ 231,264	\$ 289,782
State sources	205,843	84,942	-	-	290,785
Interest	2,206	2,731	998	261	6,196
On-behalf payments	-	-	-	275,336	275,336
	<u>208,205</u>	<u>87,673</u>	<u>59,360</u>	<u>506,861</u>	<u>862,099</u>
Expenditures:					
Instructional services:					
Salaries and benefits	98,508	79,090	-	185,230	362,828
Purchased services	16,849	16,781	46,922	6,389	86,941
Supplies and materials	575	6,110	136	1,264	8,085
Other objects	254	115	822	-	1,191
Pension expense	2,621	1,744	-	20,737	25,102
OPEB expensee	618	330	-	274	1,222
On-behalf payments	-	-	-	275,336	275,336
Capital outlay	1,299	-	-	7,615	8,914
	<u>120,724</u>	<u>104,170</u>	<u>47,880</u>	<u>496,845</u>	<u>769,619</u>
Net change in fund balances	87,481	(16,497)	11,480	10,016	92,480
Fund balances, beginning of year	<u>1,159,343</u>	<u>592,477</u>	<u>114,824</u>	<u>149,242</u>	<u>2,015,886</u>
Fund balances, end of year	<u>\$ 1,246,824</u>	<u>\$ 575,980</u>	<u>\$ 126,304</u>	<u>\$ 159,258</u>	<u>\$ 2,108,366</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2018**

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Regional Safe Schools
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other governments	65,000	21,250	5,220
	<u>\$ 65,000</u>	<u>\$ 21,250</u>	<u>\$ 5,220</u>
Total assets	<u>\$ 65,000</u>	<u>\$ 21,250</u>	<u>\$ 5,220</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	65,000	21,250	5,220
	<u>65,000</u>	<u>21,250</u>	<u>5,220</u>
Total liabilities	<u>65,000</u>	<u>21,250</u>	<u>5,220</u>
FUND BALANCES			
Restricted	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 65,000</u>	<u>\$ 21,250</u>	<u>\$ 5,220</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2018**

	<u>ROE/ISC Operations</u>	<u>State and Federal Lunch and Breakfast</u>	<u>System of Support (RESPRO)</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 7	\$ -
Due from other governments	-	56	17,976
Total assets	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 17,976</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	7,029	17,976
Total liabilities	<u>-</u>	<u>7,029</u>	<u>17,976</u>
FUND BALANCES			
Restricted	-	-	-
Unassigned	-	(6,966)	-
Total fund balances (deficits)	<u>-</u>	<u>(6,966)</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 17,976</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2018**

	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Totals
ASSETS				
Cash and cash equivalents	\$ 28,956	\$ -	\$ -	\$ 28,963
Due from other governments	-	955	26,681	137,138
Total assets	\$ 28,956	\$ 955	\$ 26,681	\$ 166,101
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	955	26,681	144,111
Total liabilities	-	955	26,681	144,111
FUND BALANCES				
Restricted	28,956	-	-	28,956
Unassigned	-	-	-	(6,966)
Total fund balances (deficits)	28,956	-	-	21,990
Total liabilities and fund balances (deficits)	\$ 28,956	\$ 955	\$ 26,681	\$ 166,101

**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, 2018**

	Early Childhood - Preschool For All	McKinney Education For Homeless Children	Regional Safe Schools
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	673,000	-	83,491
Federal sources	-	44,098	-
Interest	-	-	-
Total revenues	673,000	44,098	83,491
Expenditures:			
Instructional services:			
Salaries and benefits	377,166	22,020	44,218
Purchased services	72,031	9,115	1,585
Supplies and materials	50,221	10,274	1,798
Other objects	-	-	-
Pension expense	10,093	2,497	2,051
OPEB expense	2,528	-	218
Intergovernmental:			
Payments to other governments	101,650	192	7,500
Capital outlay	4,311	-	-
Total expenditures	618,000	44,098	57,370
Net change in fund balance	55,000	-	26,121
Fund balances (deficits), beginning of year	(55,000)	-	(26,121)
Fund balances (deficits), end of year	\$ -	\$ -	\$ -

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2018**

	<u>ROE/ISC Operations</u>	<u>State and Federal Lunch and Breakfast</u>	<u>System of Support (RESPRO)</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	108,541	571	-
Federal sources	-	30,332	47,815
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	108,541	30,903	47,815
	<hr/>	<hr/>	<hr/>
Expenditures:			
Instructional services:			
Salaries and benefits	13,634	11,175	12,547
Purchased services	46,484	23,107	1,909
Supplies and materials	31,500	583	1,856
Other objects	3,210	-	-
Pension expense	1,072	1,535	184
OPEB expense	-	-	-
Intergovernmental:			
Payments to other governments	-	-	31,319
Capital outlay	12,641	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	108,541	36,400	47,815
	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(5,497)	-
Fund balances (deficits), beginning of year	-	(1,469)	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ -	\$ (6,966)	\$ -
	<hr/>	<hr/>	<hr/>

**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, 2018**

	Technology for Success	Title II - Teacher Quality Leadership	Truants Alternative/ Optional Education	Total
Revenues:				
Local sources	\$ 75	\$ -	\$ -	\$ 75
State sources	233,369	-	426,928	1,525,900
Federal sources	-	1,455	-	123,700
Interest	156	-	-	156
	<u>233,600</u>	<u>1,455</u>	<u>426,928</u>	<u>1,649,831</u>
Total revenues				
Expenditures:				
Instructional services:				
Salaries and benefits	49,893	64	246,744	777,461
Purchased services	10,666	1,383	8,465	174,745
Supplies and materials	-	-	5,470	101,702
Other objects	-	-	-	3,210
Pension expense	6,744	8	17,071	41,255
OPEB expense	-	-	760	3,506
Intergovernmental:				
Payments to other governments	-	-	15,000	155,661
Capital outlay	-	-	-	16,952
	<u>67,303</u>	<u>1,455</u>	<u>293,510</u>	<u>1,274,492</u>
Total expenditures				
Net change in fund balance	166,297	-	133,418	375,339
Fund balances (deficits), beginning of year	<u>(137,341)</u>	<u>-</u>	<u>(133,418)</u>	<u>(353,349)</u>
Fund balances (deficits), end of year	<u>\$ 28,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,990</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 (2017)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 618,000	\$ 635,000	\$ 55,000
Expenditures:			
Instructional services:			
Salaries and benefits	354,395	352,395	-
Purchased services	92,632	96,132	-
Supplies and materials	79,340	73,840	-
Intergovernmental:			
Payments to other governments	83,633	100,633	-
Capital outlay	8,000	12,000	-
Total expenditures	618,000	635,000	-
Net change in fund balance	\$ -	\$ -	55,000
Fund balance (deficit), beginning of year			(55,000)
Fund balance, July 1, 2017			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD – PRESCHOOL FOR ALL (2018)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 618,000	\$ 618,000	\$ 618,000
Expenditures:			
Instructional services:			
Salaries and benefits	391,280	391,280	377,166
Purchased services	77,010	69,910	72,031
Supplies and materials	57,877	51,377	50,221
Pension expense	-	-	10,093
OPEB expense	-	-	2,528
Intergovernmental:			
Payments to other governments	89,833	101,433	101,650
Capital outlay	2,000	4,000	4,311
Total expenditures	618,000	618,000	618,000
Net change in fund balance	\$ -	\$ -	-
Fund balance (deficit), July 1, 2017			-
Fund balance, end of year			\$ -

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	<u>\$ 42,098</u>	<u>\$ 44,098</u>	<u>\$ 44,098</u>
Expenditures:			
Instructional services:			
Salaries and benefits	24,391	24,391	22,020
Purchased services	8,405	9,105	9,115
Supplies and materials	9,302	10,402	10,274
Pension expense	-	-	2,497
Intergovernmental:			
Payments to other governments	<u>-</u>	<u>200</u>	<u>192</u>
Total expenditures	<u>42,098</u>	<u>44,098</u>	<u>44,098</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 (2017)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 57,465	\$ 57,465	\$ 26,121
Expenditures:			
Instructional services:			
Salaries and benefits	49,368	49,368	-
Purchased services	2,264	2,264	-
Supplies and materials	833	833	-
Intergovernmental:			
Payments to other governments	5,000	5,000	-
Total expenditures	57,465	57,465	-
Net change in fund balance	\$ -	\$ -	26,121
Fund balance (deficit), beginning of year			(26,121)
Fund balance, July 1, 2017			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS (2018)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 57,370	\$ 57,370	\$ 57,370
Expenditures:			
Instructional services:			
Salaries and benefits	46,370	46,370	44,218
Purchased services	1,642	1,642	1,585
Supplies and materials	1,858	1,858	1,798
Pension expense	-	-	2,051
OPEB expense	-	-	218
Intergovernmental:			
Payments to other governments	7,500	7,500	7,500
Total expenditures	57,370	57,370	57,370
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2017			-
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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	<u>\$ 98,313</u>	<u>\$ 108,541</u>	<u>\$ 108,541</u>
Expenditures:			
Instructional services:			
Salaries and benefits	13,830	14,331	13,634
Purchased services	48,240	47,251	46,484
Supplies and materials	15,243	29,959	31,500
Other objects	5,500	3,300	3,210
Pension expense	-	-	1,072
Intergovernmental:			
Payments to other governments	500	500	-
Capital outlay	<u>15,000</u>	<u>13,200</u>	<u>12,641</u>
Total expenditures	<u>98,313</u>	<u>108,541</u>	<u>108,541</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
SYSTEM OF SUPPORT (RESPRO) (2017)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 66,779	\$ 66,779	\$ 1,406
Total revenues	<u>66,779</u>	<u>66,779</u>	<u>1,406</u>
Expenditures:			
Instructional services:			
Salaries and benefits	10,862	13,362	-
Purchased services	15,408	12,908	-
Supplies and materials	1,669	1,669	106
Intergovernmental:			
Payments to other governments	38,840	38,840	1,300
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>66,779</u>	<u>66,779</u>	<u>1,406</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, August 31, 2017			<u>\$ -</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SYSTEM OF SUPPORT (RESPRO) (2018)
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
Federal sources	<u>\$ 78,250</u>	<u>\$ 78,250</u>	<u>\$ 46,409</u>
Expenditures:			
Instructional services:			
Salaries and benefits	19,742	19,742	12,547
Purchased services	21,758	21,758	1,909
Supplies and materials	1,750	1,750	1,750
Pension expense	-	-	184
Intergovernmental:			
Payments to other governments	<u>35,000</u>	<u>35,000</u>	<u>30,019</u>
Total expenditures	<u>78,250</u>	<u>78,250</u>	<u>46,409</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance, August 31, 2017			<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
TECHNOLOGY FOR SUCCESS (17-3780-00)
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	\$ 182,874	\$ 182,874	\$ 163,344
Expenditures:			
Instructional services:			
Salaries and benefits	100,500	100,500	-
Purchased services	20,874	20,874	-
Supplies and materials	1,500	1,500	-
Intergovernmental:			
Payments to other governments	57,000	57,000	-
Capital outlay	3,000	3,000	-
Total expenditures	<u>182,874</u>	<u>182,874</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>163,344</u>

This program stopped being funded through ISBE after the 2017 grant year. The amounts in the actual column will not reflect the actual for this fund. This only reflects the specific grant.

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TECHNOLOGY FOR SUCCESS (17-3780-16)
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 6,543</u>	<u>\$ 6,543</u>	<u>\$ 6,543</u>
Expenditures:			
Salaries and benefits	<u>6,543</u>	<u>6,543</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,543</u>

This program stopped being funded through ISBE after the 2017 grant year. The amounts in the actual column will not reflect the actual for this fund. This only reflects the specific grant.

**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, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 1,455	1,455	\$ 1,455
Expenditures:			
Instructional services:			
Salaries and benefits	70	70	64
Purchased services	1,385	1,385	1,383
Pension expense	-	-	8
Total expenditures	1,455	1,455	1,455
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
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION (2017)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 293,510	\$ 293,510	\$ 133,418
Total revenues	293,510	293,510	133,418
Expenditures:			
Instructional services:			
Salaries and benefits	253,338	253,338	-
Purchased services	8,665	8,665	-
Supplies and materials	6,507	6,507	-
Intergovernmental:			
Payments to other governments	25,000	25,000	-
Total expenditures	293,510	293,510	-
Excess of revenues over expenditures	\$ -	\$ -	133,418
Fund balance (deficit), beginning of year			(133,418)
Fund balance, July 1, 2017			\$ -

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION (2018)
For the year ended June 30, 2018**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 293,510	\$ 293,510	\$ 293,510
Expenditures:			
Instructional services:			
Salaries and benefits	264,500	264,500	246,744
Purchased services	8,983	8,983	8,465
Supplies and materials	5,027	5,027	5,470
Pension expense	-	-	17,071
OPEB expense	-	-	760
Intergovernmental:			
Payments to other governments	15,000	15,000	15,000
Total expenditures	293,510	293,510	293,510
Net change in fund balance	\$ -	\$ -	-
Fund balance, July 1, 2017			-
Fund balance, end of year			\$ -

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018**

	<u>General Education Development</u>	<u>School Bus Driver Transportation</u>	<u>Institute</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 11,117	\$ 4,193	\$ 23,836	\$ 39,146
Due from other governments	<u>-</u>	<u>169</u>	<u>-</u>	<u>169</u>
 Total assets	 <u>\$ 11,117</u>	 <u>\$ 4,362</u>	 <u>\$ 23,836</u>	 <u>\$ 39,315</u>
 FUND BALANCES				
Restricted	<u>\$ 11,117</u>	<u>\$ 4,362</u>	<u>\$ 23,836</u>	<u>\$ 39,315</u>
 Total fund balances	 <u>\$ 11,117</u>	 <u>\$ 4,362</u>	 <u>\$ 23,836</u>	 <u>\$ 39,315</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, 2018**

	General Education Development	School Bus Driver Transportation	Institute	Total
Revenues:				
Local sources	\$ 868	\$ 2,731	\$ 30,835	\$ 34,434
State sources	-	1,314	-	1,314
Interest	19	13	111	143
Total revenues	887	4,058	30,946	35,891
Expenditures:				
Instructional services:				
Salaries and benefits	-	65	22,037	22,102
Purchased services	43	4,571	336	4,950
Supplies and materials	10	207	135	352
Pension expense	-	8	3,023	3,031
Total expenditures	53	4,851	25,531	30,435
Net changes in fund balances	834	(793)	5,415	5,456
Fund balances, beginning of year	10,283	5,155	18,421	33,859
Fund balances, end of year	\$ 11,117	\$ 4,362	\$ 23,836	\$ 39,315

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018**

	Regional Board of Trustees	School Facility Occupation Tax	Total
ASSETS			
Cash and cash equivalents	\$ 2	\$ 726	\$ 728
Total assets	\$ 2	\$ 726	\$ 728
LIABILITIES			
Accounts payable	\$ 2	\$ -	\$ 2
Due to other governments	-	726	726
Total liabilities	\$ 2	\$ 726	\$ 728

**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, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>REGIONAL BOARD OF TRUSTEES</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,002	\$ 3,000	\$ 2
Total assets	<u>\$ -</u>	<u>\$ 3,002</u>	<u>\$ 3,000</u>	<u>\$ 2</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,002	\$ 3,000	\$ 2
Total liabilities	<u>\$ -</u>	<u>\$ 3,002</u>	<u>\$ 3,000</u>	<u>\$ 2</u>
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 281	691,897	\$ 691,452	726
Total assets	<u>\$ 281</u>	<u>\$ 691,897</u>	<u>\$ 691,452</u>	<u>\$ 726</u>
LIABILITIES				
Due to other governments	\$ 281	\$ 691,897	\$ 691,452	\$ 726
Total liabilities	<u>\$ 281</u>	<u>\$ 691,897</u>	<u>\$ 691,452</u>	<u>\$ 726</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 281	\$ 694,899	\$ 694,452	\$ 728
Total assets	<u>\$ 281</u>	<u>\$ 694,899</u>	<u>\$ 694,452</u>	<u>\$ 728</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,002	\$ 3,000	\$ 2
Due to other governments	281	691,897	691,452	726
Total liabilities	<u>\$ 281</u>	<u>\$ 694,899</u>	<u>\$ 694,452</u>	<u>\$ 728</u>