

**STATE OF ILLINOIS
CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

**FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2017**

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

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**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Mr. Ron Daniels

Assistant Regional Superintendent
(Current and during the audit period)

Ms. Melanie Andrews

Offices are located at:

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Carlyle, IL 62231

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Mt. Vernon, IL 62864

200 East Schwarts Street
Salem, IL 62881

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

FINANCIAL REPORT SUMMARY

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

AUDITOR’S REPORT

The auditor’s reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	5	6
Repeated findings	5	1
Prior recommendations implemented or not repeated	1	–

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2017-001	10	Controls over Financial Statement Preparation	Significant Deficiency
2017-002	12	Controls over Cash	Significant Deficiency
2017-003	14	Controls over Property and Equipment	Significant Deficiency
2017-004	16	Controls over Payroll and Grant Compliance	Significant Deficiency and Noncompliance
2017-005	18	Delay of Audit	Noncompliance
<i>PRIOR FINDING NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2016-004	25	Internal Control Over Grant Compliance	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 waived holding an exit conference to discuss the results of the financial audit for the year ended June 30, 2017 in a communication from Ron Daniels, Regional Superintendent, dated May 11, 2020.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying financial statements of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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.

Auditor's 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 auditor's 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 for the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions, Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios, and Illinois Municipal Retirement Fund - Schedule of Employer Contributions, on page 69 through page 71 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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements. The combining schedules of accounts, the budgetary comparison schedule, 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 schedule, 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 schedule, 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 June 9, 2020 on our consideration of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 9, 2020



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors, 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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements, and have issued our report thereon dated June 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2017-001 through 2017-004 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-004 and 2017-005.

Regional Office of Education No. 13's Responses to Findings

Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13'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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 9, 2020

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements in accordance with GAAP

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

Finding No. 2017-001 - Controls Over Financial Statement Preparation (Repeat of Findings 16-001, 15-001, and 14-001)

Criteria/Specific Requirement:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office of Education No. 13's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

The Regional Office of Education No. 13 did not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 13 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

During our review of the Regional Office of Education No. 13's financial information prepared by the ROE, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
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SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-001 - Controls Over Financial Statement Preparation (Repeat of Findings 16-001, 15-001, and 14-001) (Continued)

statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate.

Effect:

The Regional Office of Education No. 13's management or its employees, in the normal course of performing their assigned functions, may not prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

Cause:

The Regional Office of Education No. 13 management indicated while working with an outside CPA firm, it appears various balance adjustments were inadvertently missed between the actual year-end and the drafting of financial statements.

Auditor's Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education No. 13 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education No. 13's activities and operations.

Management's Response:

The Regional Office of Education No. 13 agrees with the recommendation. The Regional Office of Education No. 13 has hired an outside accounting firm to assist in the preparation of the financial statement. Since the accounts of the previous two combined regional offices have been combined, the preparation should not require the previous adjustments. The Regional Office staff will also continue to receive training in GAAP accounting procedures.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-002 - Controls over Cash (Repeat of Finding No. 16-002)

Criteria/Specific Requirement:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) is responsible for establishing and maintaining a system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of bank reconciliations. Bank reconciliations should be performed within a month of the closing date on the bank statement and evidence of review should be documented.

Condition:

The Regional Office of Education No. 13 did not have adequate controls over the preparation and review of bank reconciliations. During our review of the Regional Office of Education No. 13's monthly bank reconciliations for its three (3) bank accounts, we noted bank reconciliations were not prepared or reviewed in a timely manner. Specifically, we noted the following:

- Two (6%) monthly reconciliations were prepared 31 and 39 days after month end.
- Two (6%) monthly reconciliations were reviewed 21 and 56 days after preparation.
- For three (8%) monthly reconciliations, we were unable to determine if the reconciliations were timely reviewed as the Regional Office of Education No. 13 did not document the date the reconciliations were performed.
- For nine (25%) monthly reconciliations, evidence of review were not found.

Effect:

The Regional Office of Education No. 13's management, or its employees, in the normal course of performing their assigned functions, may not prevent or detect a misstatement of cash in a timely manner.

Cause:

The Regional Office of Education No. 13 management indicated job duties had been reassigned in fiscal year 2017 and the Regional Superintendent did not appropriately sign off and date the completed bank statements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-002 - Controls over Cash (Repeat of Finding No. 16-002) (Continued)

Auditor's Recommendation

As part of internal control over cash, the Regional Office of Education No. 13 should prepare and review the monthly bank reconciliations within a month of the closing date on the bank statement. The review should be indicated in writing, including the individual performing the review and the date.

Management's Response:

The Regional Office of Education No. 13 agrees with the recommendation. The Regional Superintendent has assigned a different staff member to complete the monthly reconciliations in a timely manner and it will be checked monthly by the Regional Superintendent or Assistant Regional Superintendent.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-003 - Controls over Property and Equipment (Repeat of Finding No. 16-003)

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed capital asset records for both accounting purposes as well as insurance purposes, for capital assets costing \$500 or more. Generally accepted accounting principles require records of all capital assets and depreciation schedules for assets meeting the capitalization threshold for reporting to be maintained so that this information can be reported within the financial statements. The ROE capitalizes assets with an individual cost of more than \$500 and an estimated useful life in excess of one year.

In addition, sound internal controls require that policies and procedures on capital assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and they should be formally documented and consistently applied. Further, good internal controls require capital assets that are obsolete, damaged or no longer used in operations be removed from the ROE's capital asset listing.

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not have adequate controls over its capital assets. During our physical observation and review of the Regional Office of Education No. 13's capital assets, we noted the following:

- Eight of 25 (32%) equipment items tested, were not included in the Regional Office of Education No. 13's capital asset listing. Four of these equipment items were found in the Mount Vernon office and the other four equipment items were found in the Carlyle office. In addition, one of the eight equipment items did not have an asset tag.
- A number of equipment items which were considered no longer in use by the Regional Office of Education No. 13 were not yet disposed and still included in the Regional Office of Education No. 13's capital asset listing.
- A physical inventory of capital assets was not taken at year-end.

Effect:

The absence of a sound system of internal controls over capital assets results in inaccurate reporting of capital assets within the financial statements and inadequate physical control of

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

**Finding No. 2017-003 - Controls over Property and Equipment (Repeat of Finding No. 16-003)
(Continued)**

equipment items. An incomplete capital asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

Cause:

The Regional Office of Education No. 13 management indicated as the Regional Office consolidated and offices were closed, equipment was moved to different locations. Changes in staff assignments led to an incomplete analysis of equipment that was still in use and items which were no longer needed.

Auditor's Recommendation

The Regional Office of Education No. 13 should adhere to the ROE Accounting Manual capital asset policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for the accurate reporting of capital asset balances.

The capital asset listing should be completed to include all details required by the ROE Accounting Manual and should be checked for accuracy and existence through an annual physical inventory by an individual independent of the accounting process. A reconciliation should be performed between the capital asset listing and the recorded capital outlay expenditures for the year. All reconciling items should be cleared in a timely manner.

Management's Response:

The Regional Office of Education No. 13 agrees with the recommendation. The Regional Office of Education No. 13 capital assets and inventories are being reviewed by staff and an accurate list should be completed by May 30, 2020.

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SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-004 - Controls over Payroll and Grant Compliance (Repeat of Finding No. 16-005)

Criteria/Specific Requirement:

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

The Illinois State Board of Education (ISBE) *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*, requires that auditable "time and effort" documentation should be written, after the fact (not estimated or budgeted) documentation of how the time was spent. Time and effort reports should be prepared by any staff with salary charged (1) directly to a federal award, (2) directly to multiple federal awards, or (3) directly to any combination of a federal award or other federal, state or local funds. Additionally, all time and effort sheets and other supporting documentation must be retained at the local level and be available for review or audit any time within three years after termination of the project or until the local entity is notified in writing from ISBE that the records are no longer needed for review or audit.

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) was unable to provide adequate time and effort documentation used to distribute the salary and benefit costs.

During our review of the Regional Office of Education No. 13's payroll expenditures of 25 employees, we noted the following:

- Four employees (16%), who worked on multiple programs, completed a time and effort documentation but did not indicate the actual time worked on each program. Three of the four employees worked partially on the Homeless Children and Youth and National School Lunch/Breakfast federal programs.
- Eight employees (32%), who worked on multiple programs, did not have time and effort documentation on file. Four of the eight employees worked partially on the Homeless Children and Youth and National School Lunch/Breakfast federal programs.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-004 - Controls over Payroll and Grant Compliance (Repeat of Finding No. 16-005) (Continued)

Upon further review and discussion, these employees completed inadequate time sheets, thus salary and benefits costs reported were based on estimated time rather than actual time. Furthermore, there was no review of the amounts charged to federal awards based on budget estimates in order to make necessary adjustments ensuring that the final amounts charged to the federal awards are accurate, allowable, and properly allocated.

Effect:

Since current and after the fact time and effort documentation was not used to allocate the salary and benefit costs of employees who only work part of the time on a federal award program, there is an increased risk that the salary and benefit costs charged to multiple grant programs do not reflect the actual time worked on the programs and could result in the loss of federal and/or State funding support in these activities.

Cause:

The Regional Office of Education No. 13 management indicated it is understood that the type of time and effort sheets used by staff that work under multiple grants was not sufficient for fiscal year 2017. Limited amounts of funds from these grants were used to pay portions of salaries and many times these do not meet the actual time invested in providing the services described in the grants.

Auditor's Recommendation

The Regional Office of Education No. 13 should develop and implement written policies and procedures over payroll to ensure that proper controls are in place over the use and maintenance of adequate time and effort documentation as required by the Uniform Guidance and the ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*.

Management's Response:

The Regional Office of Education No. 13 agrees with the recommendation. New electronic time and effort forms were created in 2018. Staff currently complete the forms, which are then reviewed quarterly by the Regional Superintendent.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-005 - Delay of Audit (Repeat of Finding No. 16-006)

Criteria/Specific Requirement:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) 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. 13 did not provide completed financial statements in an auditable form within the required timeframe. An outside accounting firm was hired by the Regional Office of Education No. 13 to assist in the preparation of financial statements and related disclosures.

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.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings (Continued)

Finding No. 2017-005 - Delay of Audit (Repeat of Finding No. 16-006) (Continued)

Cause:

The Regional Office of Education No. 13 management stated financial statements were not able to be prepared in a timely manner because the fiscal year 2016 audit had not been completed prior to the August deadline. All materials were presented for the fiscal year 2017 audit when requested.

Auditor's Recommendation

The Regional Office of Education No. 13 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:

The Regional Office of Education No. 13 agrees with the recommendation. An outside accounting firm has been hired to prepare the Regional Office of Education No. 13's financial statements according to the required timeframe.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding No. 2017-001 - Controls over Financial Statement Preparation (Repeat of Finding No. 16-001, 15-001, and 14-001)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 13 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, financial statement misstatements and disclosure omissions in a timely manner.

During our review of the Regional Office of Education No. 13's financial information prepared by the ROE, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate.

Plan:

The Regional Office of Education No. 13 has hired an outside accounting firm to assist in the preparation of the financial statement. Since the accounts of the previous two combined regional offices have been combined, the preparation should not require the previous adjustments. The Regional Office staff will also continue to receive training in GAAP accounting procedures.

Anticipated Date of Completion:

June 30, 2019

Contact Person:

Ron Daniels, Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding No. 2017-002 - Controls over Cash (Repeat of Finding No. 16-002)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not have adequate controls over the preparation and review of bank reconciliations. During our review of the Regional Office of Education No. 13's monthly bank reconciliations for its three (3) bank accounts, we noted bank reconciliations were not prepared or reviewed in a timely manner. Specifically, we noted the following:

- Two (6%) monthly reconciliations were prepared 31 and 39 days after month end.
- Two (6%) monthly reconciliations were reviewed 21 and 56 days after preparation.
- For three (8%) monthly reconciliations, we were unable to determine if the reconciliations were timely reviewed as the Regional Office of Education No. 13 did not document the date the reconciliations were performed.
- For nine (25%) monthly reconciliations, evidence of review were not found.

Plan:

The Regional Superintendent has assigned a different staff member to complete the monthly reconciliations in a timely manner and it will be checked monthly by the Regional Superintendent or Assistant Regional Superintendent.

Anticipated Date of Completion:

July 2019

Contact Person:

Ron Daniels, Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding No. 2017-003 - Controls over Property and Equipment (Repeat of Finding No. 16-003)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not have adequate controls over its capital assets. During our physical observation and review of the Regional Office of Education No. 13's capital assets, we noted the following:

- Eight of 25 (32%) equipment items tested, were not included in the Regional Office of Education No. 13's capital asset listing. Four of these equipment items were found in the Mount Vernon office and the other four equipment items were found in the Carlyle office. In addition, one of the eight equipment items did not have an asset tag.
- A number of equipment items which were considered no longer in use by the Regional Office of Education No. 13 were not yet disposed and still included in the Regional Office of Education No. 13's capital asset listing.
- A physical inventory of capital assets was not taken at year-end.

Plan:

The Regional Office of Education No. 13 capital assets and inventories are being reviewed by staff and an accurate list should be completed by May 30, 2020.

Anticipated Date of Completion:

June 1, 2020

Contact Person:

Ron Daniels, Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding No. 2017-004 - Controls over Payroll and Grant Compliance (Repeat of Finding No. 16-005)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) was unable to provide adequate time and effort documentation used to distribute the salary and benefit costs.

During our review of the Regional Office of Education No. 13's payroll expenditures of 25 employees, we noted the following:

- Four employees (16%), who worked on multiple programs, completed a time and effort documentation but did not indicate the actual time worked on each program. Three of the four employees worked partially on the Homeless Children and Youth and National School Lunch/Breakfast federal programs.
- Eight employees (32%), who worked on multiple programs, did not have time and effort documentation on file. Four of the eight employees worked partially on the Homeless Children and Youth and National School Lunch/Breakfast federal programs.

Upon further review and discussion, these employees completed inadequate time sheets, thus salary and benefits costs reported were based on estimated time rather than actual time. Furthermore, there was no review of the amounts charged to federal awards based on budget estimates in order to make necessary adjustments ensuring that the final amounts charged to the federal awards are accurate, allowable, and properly allocated.

Plan:

New electronic time and effort forms were created in 2018. Staff currently complete the forms, which are then reviewed quarterly by the Regional Superintendent.

Anticipated Date of Completion:

July 2018

Contact Person:

Ron Daniels, Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding No. 2017-005 - Delay of Audit (Repeat of Finding No. 16-006)

Condition:

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) did not provide completed financial statements in an auditable form within the required timeframe. An outside accounting firm was hired by the Regional Office of Education No. 13 to assist in the preparation of financial statements and related disclosures.

Plan:

An outside accounting firm has been hired to prepare Regional Office of Education No. 13 financial statements according to the required timeframe.

Anticipated Date of Completion:

Immediate. When audits are back to the appropriate timeline, then statements can be prepared in the required timeframe. Documents were provided to complete the 2017 audit when requested by the current audit firm.

Contact Person:

Ron Daniels, Regional Superintendent

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED
 FOR THE YEAR ENDED JUNE 30, 2017**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
16-004	<p>Internal Control over Grant Compliance</p> <p>During the current audit, we did not note any material errors during our review of sampled grant expenditure reports.</p>	Not repeated

BASIC FINANCIAL STATEMENTS

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
STATEMENT OF NET POSITION
JUNE 30, 2017**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 124,439	\$ 10,552	\$ 134,991
Accounts receivable	2,281	-	2,281
Due from other governments	1,450,293	9,970	1,460,263
Due from agency fund	-	22,915	22,915
Due from (to) other funds	(315,197)	315,197	-
Total current assets	<u>1,261,816</u>	<u>358,634</u>	<u>1,620,450</u>
Noncurrent assets:			
Capital assets, net	568,950	-	568,950
TOTAL ASSETS	<u>1,830,766</u>	<u>358,634</u>	<u>2,189,400</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,400,401	83,502	3,483,903
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	328,925	9,511	338,436
Due to other governments	45,720	-	45,720
Current portion of long-term debt	25,708	-	25,708
Total current liabilities	<u>400,353</u>	<u>9,511</u>	<u>409,864</u>
Noncurrent liabilities:			
Net pension liability	2,052,425	29,757	2,082,182
Long-term debt, net	223,633	-	223,633
Total noncurrent liabilities	<u>2,276,058</u>	<u>29,757</u>	<u>2,305,815</u>
TOTAL LIABILITIES	<u>2,676,411</u>	<u>39,268</u>	<u>2,715,679</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,296,354	63,341	2,359,695
NET POSITION			
Net investment in capital assets	319,609	-	319,609
Restricted - other	150,576	-	150,576
Unrestricted	(211,783)	339,527	127,744
TOTAL NET POSITION	<u>\$ 258,402</u>	<u>\$ 339,527</u>	<u>\$ 597,929</u>

The accompanying notes are an integral part of the financial statements.

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 3,466,674	\$ -	\$ 3,131,966	\$ (334,708)	\$ -	\$ (334,708)
Purchased services	709,731	-	625,745	(83,986)	-	(83,986)
Supplies and materials	178,831	-	119,188	(59,643)	-	(59,643)
Other objects	2,999	-	2,877	(122)	-	(122)
Depreciation	31,181	-	-	(31,181)	-	(31,181)
Pension expense	502,899	-	241,226	(261,673)	-	(261,673)
Intergovernmental:						
Payments to other governments	41,968	-	40,261	(1,707)	-	(1,707)
Debt service:						
Interest on long-term debt	13,771	-	-	(13,771)	-	(13,771)
Administrative:						
On-behalf payments - local	181,892	-	-	(181,892)	-	(181,892)
On-behalf payments - State	1,389,604	-	-	(1,389,604)	-	(1,389,604)
Total governmental activities	6,519,550	-	4,161,263	(2,358,287)	-	(2,358,287)
Business-type activities:						
Fees for services	174,140	98,101	-	-	(76,039)	(76,039)
Total primary government	\$ 6,693,690	\$ 98,101	\$ 4,161,263	(2,358,287)	(76,039)	(2,434,326)
General revenues:						
Local sources				899,257	-	899,257
On-behalf payments - local				181,892	-	181,892
On-behalf payments - State				1,389,604	-	1,389,604
Interest				758	666	1,424
Total general revenues				2,471,511	666	2,472,177
CHANGE IN NET POSITION				113,224	(75,373)	37,851
NET POSITION, BEGINNING OF YEAR				145,178	414,900	560,078
NET POSITION, END OF YEAR				\$ 258,402	\$ 339,527	\$ 597,929

The accompanying notes are an integral part of the financial statements.

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2017

EXHIBIT C

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,108	\$ 3,005	\$ 115,597	\$ 4,729	\$ 124,439
Accounts receivable	2,253	-	-	28	2,281
Due from other governments	188,468	1,261,825	-	-	1,450,293
Due from other funds	819,482	6,556	56,933	13,028	895,999
TOTAL ASSETS	1,011,311	1,271,386	172,530	17,785	2,473,012
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	141,107	186,450	-	300	327,857
Due to other governments	3,532	42,188	-	-	45,720
Due to other funds	20,783	1,082,187	-	-	1,102,970
Total liabilities	165,422	1,310,825	-	300	1,476,547
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	36,405	451,523	-	-	487,928
FUND BALANCES (DEFICIT)					
Restricted	-	8,205	172,530	17,485	198,220
Assigned	809,484	-	-	-	809,484
Unassigned	-	(499,167)	-	-	(499,167)
Total fund balances (deficit)	809,484	(490,962)	172,530	17,485	508,537
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 1,011,311	\$ 1,271,386	\$ 172,530	\$ 17,785	\$ 2,473,012

The accompanying notes are an integral part of the financial statements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

EXHIBIT D

Total fund balances - governmental funds		\$ 508,537
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Capital assets, net	\$ 568,950	
Less internal service fund net assets included in internal service fund net position below	<u>(554,692)</u>	14,258
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.		487,928
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	3,400,401	
Deferred inflows of resources	<u>(2,296,354)</u>	1,104,047
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
IMRF net pension liability	(789,987)	
TRS net pension liability	<u>(1,262,438)</u>	(2,052,425)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.		
Internal service fund net position is:		<u>196,057</u>
Net position of governmental activities		<u>\$ 258,402</u>

The accompanying notes are an integral part of the financial statements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
GOVERNMENTAL FUNDS**

EXHIBIT E

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 740,637	\$ 65,940	\$ 36,118	\$ 12,564	\$ 855,259
State sources	516,443	3,142,605	-	1,515	3,660,563
Federal sources	-	182,928	-	-	182,928
On-behalf payments - local	181,892	-	-	-	181,892
On-behalf payments - State	288,125	-	-	-	288,125
Interest	494	56	183	25	758
Total revenues	<u>1,727,591</u>	<u>3,391,529</u>	<u>36,301</u>	<u>14,104</u>	<u>5,169,525</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	589,037	2,863,485	-	7,817	3,460,339
Purchased services	132,474	555,076	2,477	3,786	693,813
Supplies and materials	56,912	115,459	29	63	172,463
Other objects	2,999	-	-	-	2,999
Pension expense	46,033	218,268	-	382	264,683
Administrative:					
On-behalf payments - local	181,892	-	-	-	181,892
On-behalf payments - State	288,125	-	-	-	288,125
Intergovernmental:					
Payments to other governments	-	41,968	-	-	41,968
Total expenditures	<u>1,297,472</u>	<u>3,794,256</u>	<u>2,506</u>	<u>12,048</u>	<u>5,106,282</u>
NET CHANGE IN FUND BALANCES	430,119	(402,727)	33,795	2,056	63,243
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	379,365	(88,235)	138,735	15,429	445,294
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 809,484</u>	<u>\$ (490,962)</u>	<u>\$ 172,530</u>	<u>\$ 17,485</u>	<u>\$ 508,537</u>

The accompanying notes are an integral part of the financial statements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT F

Net change in fund balance		\$	63,243
Amounts reported for governmental activities in the Statement of Activities are different because:			
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.			
Current year unavailable revenue	\$	487,928	
Prior year unavailable revenue		<u>(212,045)</u>	275,883
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		264,683	
Pension expense		<u>(502,899)</u>	(238,216)
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.			
Depreciation expense		(31,181)	
Add back depreciation from internal service funds		<u>23,654</u>	(7,527)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.			
			<u>19,841</u>
Change in net position of governmental activities		\$	<u><u>113,224</u></u>

The accompanying notes are an integral part of the financial statements.

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

EXHIBIT G

	Business-Type Activities					Governmental Activities
	Enterprise Funds					
	Workshops	Mt. Vernon Conference	Technology/ Testing Cooperative	Film Cooperative	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,552	\$ 10,552	\$ -
Due from other governments	480	-	9,490	-	9,970	-
Due from agency fund	22,915	-	-	-	22,915	-
Due from other funds	214,146	-	117,001	-	331,147	-
Total current assets	237,541	-	126,491	10,552	374,584	-
Noncurrent assets:						
Capital assets, net	-	-	-	-	-	554,692
TOTAL ASSETS	237,541	-	126,491	10,552	374,584	554,692
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	17,482	4,371	61,649	-	83,502	-
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	7,556	-	1,955	-	9,511	1,068
Due to other funds	-	15,950	-	-	15,950	108,226
Current portion of long-term debt	-	-	-	-	-	25,708
Total current liabilities	7,556	15,950	1,955	-	25,461	135,002
Noncurrent liabilities						
Net pension liability	6,230	1,558	21,969	-	29,757	-
Long-term debt, net of current portion	-	-	-	-	-	223,633
Total noncurrent liabilities	6,230	1,558	21,969	-	29,757	223,633
TOTAL LIABILITIES	13,786	17,508	23,924	-	55,218	358,635
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	13,262	3,315	46,764	-	63,341	-
NET POSITION						
Net investment in capital assets	227,975	(16,452)	117,452	10,552	339,527	305,351
Unrestricted	-	-	-	-	-	(109,294)
TOTAL NET POSITION	\$ 227,975	\$ (16,452)	\$ 117,452	\$ 10,552	\$ 339,527	\$ 196,057

The accompanying notes are an integral part of the financial statements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
PROPRIETARY FUNDS**

EXHIBIT H

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities						Governmental Activities
	Enterprise Funds			Technology/ Cooperative			
	Workshops	Mt. Vernon Conference	Testing Cooperative	Film Cooperative	Total	Internal Service Funds	
OPERATING REVENUES							
Charges for services	\$ 38,726	\$ 19,450	\$ 39,925	\$ -	\$ 98,101	\$ 85,887	
OPERATING EXPENSES							
Salaries and benefits	16,724	8,271	59,931	-	84,926	6,335	
Purchased services	52,042	9,561	6,036	-	67,639	15,918	
Supplies and materials	331	482	3,884	-	4,697	6,368	
Pension expense	3,472	871	12,231	-	16,574	-	
Depreciation	-	-	304	-	304	23,654	
Total operating expenses	72,569	19,185	82,386	-	174,140	52,275	
OPERATING INCOME (LOSS)	(33,843)	265	(42,461)	-	(76,039)	33,612	
NONOPERATING REVENUES (EXPENSES)							
Interest income	415	1	232	18	666	-	
Interest expense	-	-	-	-	-	(13,771)	
Total nonoperating revenues (expenses)	415	1	232	18	666	(13,771)	
CHANGE IN NET POSITION	(33,428)	266	(42,229)	18	(75,373)	19,841	
NET POSITION, BEGINNING OF YEAR	261,403	(16,718)	159,681	10,534	414,900	176,216	
NET POSITION, END OF YEAR	\$ 227,975	\$ (16,452)	\$ 117,452	\$ 10,552	\$ 339,527	\$ 196,057	

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017**

EXHIBIT J

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,338
Accounts receivable	31
Due from other governments	<u>239,157</u>
TOTAL ASSETS	<u><u>240,526</u></u>
LIABILITIES	
Accounts payable and accrued expenses	31,825
Due to primary government	22,915
Due to other governments	<u>185,786</u>
TOTAL LIABILITIES	<u><u>\$ 240,526</u></u>

The accompanying notes are an integral part of the financial statements.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 (Regional Office of Education No. 13) was formed under the provisions of the State of Illinois, Illinois State Board of Education.

FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 13's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and, carrying out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the Illinois State Board of Education (ISBE) with an affidavit showing that the treasurers of school districts within the region are properly bonded.

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 the appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2017, the Regional Office of Education No. 13 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 13. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

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SCOPE OF THE REPORTING ENTITY

The Regional Office of Education No. 13's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education No. 13 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 13, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education No. 13 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Hamilton-Jefferson Educational Services Cooperative, which began operations on November 23, 1992, has been determined to be a blended component unit of the Regional Office of Education No. 13 for financial reporting purposes after applying the criteria of oversight, scope of public services, and special financing relationships and is, therefore, blended in the accompanying financial statements. The cooperative was formed by an intergovernmental agreement between the Regional Office of Education No. 13 and all schools, both public and nonpublic, in Hamilton and Jefferson counties. The cooperative is governed by a board of 8 voting members who are district superintendents in the Region and the Regional Superintendent, who is a non-voting member.

The cooperative exists to provide quality programs and services to students through the school districts of Hamilton and Jefferson counties or the Regional Superintendent. The Regional Superintendent of the Regional Office of Education No. 13 serves as administrative agent. Separate financial statements are not issued for this blended component unit.

No other agencies have met the component unit criteria to be included in the Regional Office of Education No. 13's financial statements. In addition, the Regional Office of Education No. 13 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 13 being considered a component unit.

NEW ACCOUNTING PRONOUNCEMENTS

In 2017, the Regional Office of Education No. 13 implemented Governmental Accounting Standards Board (GASB) Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77 - *Tax Abatement Disclosures*, GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80 - *Blending Requirements for Certain Component Units – an amendment of GASB Statement No.14*, and GASB Statement No. 82 - *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. These Statements had no significant

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impact on the financial statements of the Regional Office of Education No. 13.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education No. 13's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education No.13 has four business-type activities that rely on fees and charges for support.

The Regional Office of Education No. 13's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education No. 13 accompanied by a total column. These statements are presented on an "economic resources" measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education No. 13's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from other funds on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other financing sources 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 and between business-type funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, internal service fund transactions have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenue received after the Regional Office’s availability period is reported as deferred inflows of resources in the fund statements and is reported as current revenue in the Statement of Activities.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting, 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.

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education No. 13; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education No. 13 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the Regional Office of Education No.13’s policy to first apply restricted funds to such programs, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned, if any.

FUND ACCOUNTING

The Regional Office of Education No. 13 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education No. 13 uses governmental and proprietary funds.

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GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Regional Office of Education No. 13 are typically reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental and proprietary fund reporting focuses on the major funds rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education No. 13 has presented all major funds that met the above qualifications.

The Regional Office of Education No. 13 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 13 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. 13. Included in this fund are:

Special Projects - This fund accounts for miscellaneous expenses and programs that benefit the school districts and/or regional office.

Alternative Education Project - This fund accounts for Alternative School General State Aid funding.

Safe School Tuition - This program accounts for tuition payments from local districts sending students to the Safe School in Centralia.

Safe School Projects - This program accounts for General State Aid and miscellaneous income and expenses relative to the Safe School in Centralia and Mt. Vernon.

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Administrator's Academy - This program provides required training and continuing education of administrators.

Conference - This program provides for student events for Team Quest, spelling bee and writing talent search.

Office Operations - This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's offices by Clinton, Jefferson, Marion, and Washington counties.

Southern Thirty - This is an educational program for the Southern Thirty Adolescent Center.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary and major capital projects) that are restricted to expenditures for specified purposes.

Major special revenue funds include the following:

Education Fund - This 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:

Title II - Teacher Quality Leadership Grant - To account for Title II Teacher Quality Leadership grant from the State which is for the purpose of implementing the purchase of the principal and/or teacher evaluation training.

Truants Alternative/Optional Education - This is a State-approved program leading to a high school diploma for students with truancy problems.

Early Childhood Block Grant - This program provides early assistance to children and parents to enhance the child's physical, social, and cognitive skills, and assist those identified as being at risk of academic failure.

McKinney Education for Homeless Children - This program provides educational services for homeless students, tutoring, clothing, school activity fees, and transportation.

Regional Safe Schools - Safe schools are alternative programs for disruptive youths in grades 6-12. Students eligible for this program must have been suspended or expelled by a local school district.

ROE/ISC Operations - This fund accounts for the grant that provides the funding

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for the Regional Office of Education.

Special Education for Infants and Families with Disabilities - This program is funded by the Department of Human Services to help families with children between birth and age three obtain evaluations and assessments. Individualized plans are developed to help a child learn, grow, and receive needed services.

Title I - School Improvement System of Support - This grant is set up to train local trainers in the area as well as statewide trainers.

Pilot Regional Safe School Cooperative - This program provides funding for a cooperative education program for students at the Regional Safe School.

Principal Collegial Network - This program provides funding for principal certification networking.

National and State School Breakfast and Lunch - This program is funded by federal and State grants to provide reimbursement of meals through the school breakfast and lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

Mt. Vernon Pre-K - This program serves children 3-5 (not age eligible for kindergarten) who are determined by a screening process to be at risk of academic failure. Focus is on the Illinois Early Learning Standards.

Area VI Technology - This revenue is received from local sources and used for expenses incurred for Area VI purposes.

Share Our Strength - This revenue is received from local sources and used for expenses incurred for No Kid Hungry purposes.

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses to promote the professional growth of teachers and school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Additionally, the Regional Office of Education No. 13 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education or Institute Funds are grouped under this fund for financial statement presentation. Nonmajor special revenue funds include the following:

General Education Development - This fund accounts for the receipts and expenses

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pertaining to the GED/High School Equivalency program for high school dropouts.

Bus Driver Training - This fund accounts for State and local receipts and expenses designed for initial and refresher courses of instruction for school bus drivers.

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by ISBE to be used for travel and related purposes.

PROPRIETARY FUNDS

Proprietary Funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 13 on a cost reimbursement basis are reported. The major proprietary funds are as follows:

Workshops - This program provides teacher workshops.

Mt. Vernon Conference - This fund accounts for the one-day statewide teacher's conference that provides exhibit booths and presentations on various curriculum and interest areas for participants representing all areas and grade levels.

Technology/Testing Cooperative - This program is a local district cooperative that provides services for scoring and reporting of student achievement testing.

Film Cooperative - This program is a Marion County schools cooperative that purchases and loans film and video materials for instructional use.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities that provide goods and services to other funds on a cost-reimbursement basis. The internal service funds are as follows:

Building - The rent and maintenance on the buildings used by the Regional Office of Education No. 13 is accounted for in this fund.

Transportation Reimbursement - The use of vehicles for the Alternative Learning Center programs is accounted for in this fund.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education No. 13 in a custodial capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

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Rend Lake Regional Delivery System and Vocational Board - The Delivery System receives funds from ISBE and forwards them to Rend Lake Regional Delivery System. The Vocational Board supports facilitation, administration, and coordination for the Carl D. Perkins Vocational and Applied Technology Grant and Career and Technical Education Improvement Grant.

Transforming School Climate to Build Successful Learners - To develop, enhance, or expand systems of support at Sandoval School District for, and technical assistance to, schools implementing an evidence-based multi-tiered behavioral framework for improving behavioral outcomes and learning conditions for all students.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable fund balance - The portion of a governmental fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. The Regional Office of Education No. 13 has no nonspendable fund balances.

Restricted fund balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements, contracts, or Illinois Statute: ROE/ISC Operations, Principal Collegial Network, Share Our Strength, Institute, General Education Development, and Bus Driver Training.

Committed Fund Balance - The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education No. 13 has no committed fund balances.

Assigned fund balance - The portion of a governmental fund's net position 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' fund balances are assigned: Alternative Education Project, Safe School Tuition, Safe School Projects, Administrator's Academy, Conference, Office Operations, and Southern Thirty.

Unassigned fund balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes. The following accounts' fund

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balances are unassigned: Special Projects, Truants Alternative/Optional Education, Early Childhood Block Grant, McKinney Education for Homeless Children, Regional Safe Schools, Special Education for Infants and Families with Disabilities, Title I - School Improvement System of Support, Pilot Regional Safe School Cooperative, National and State School Breakfast and Lunch, Mt. Vernon Pre-K, and Area VI Technology.

NET POSITION

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.

BUDGET INFORMATION

The Regional Office of Education No. 13 acts as the administrative agent for certain grant programs that are accounted for in the Education Fund. Certain programs have separate budgets and are required to report to ISBE or other granting authority; however, none of the budgets have been legally adopted, nor are they required to do so. Certain programs within the Education Fund do not have separate budgets.

Comparisons of budgeted and actual results for the following programs are presented as supplementary information: Title II - Teacher Quality Leadership Grant, Truants Alternative/Optional Education, Early Childhood Block Grant, McKinney Education for Homeless Children, Regional Safe Schools, ROE/ISC Operations, Special Education for Infants and Families with Disabilities, Title I - School Improvement System of Support, and Pilot Regional Safe School Cooperative.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit. The Regional Office of Education No. 13 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

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CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. Leasehold improvements are capitalized if the cost exceeds \$3,000 and the improvements are expenses of the ROE rather than the property owner. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and building improvements	5-30 years
Vehicles	5 years
Office equipment and furniture	5-10 years
Computer equipment	3-7 years
Other equipment and leasehold improvements	5-15 years

COMPENSATED ABSENCES

Full-time employees earn up to 15 vacation days for a full year of service. Vacation days must be used by the end of the fiscal year and may not be carried over to the following year. Seasonal and part-time employees do not earn vacation days. No pay for unused vacation days will be received by an employee when they leave the Regional Office of Education No. 13 or at any time during their employment; therefore, no liability is accrued.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. TRS employees may accumulate 340 days and IMRF employees may accumulate 221 days as service credit towards retirement based on the current rules and regulations of TRS and IMRF. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

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.

REVENUE FROM FEDERAL AND STATE GRANTS

Revenues from federal and State grant awards are recorded net of the amount due to the State or federal agency for unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or federal agency are carried over to the following year project and are recorded as liabilities.

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DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after the year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of components of the net pension liability that will reduce pension expenses in future years.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2020, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Regional Office of Education No. 13 does not have a formal investment policy. The Regional Office of Education No. 13 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

Bank Deposits

At June 30, 2017, the carrying amount of the Regional Office of Education No. 13's governmental activities, business-type activities and agency funds deposits were \$124,439, \$10,552, and \$1,338, respectively. The bank balances totaled \$351,698, 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. 13's name, and were, therefore, not exposed to custodial credit risk.

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Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education No. 13's practices require that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education No. 13.

Investments

The Regional Office of Education No. 13's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2017, the Regional Office of Education No. 13 had investments with carrying and fair value of \$1,000 invested in the Illinois Funds Money Market Fund.

Credit Risk

At June 30, 2017, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration 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.

NOTE 3 - RISK MANAGEMENT

The Regional Office of Education No. 13 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural

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disasters. The Regional Office of Education No. 13 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 4 - OPERATING LEASE

The Regional Office of Education No. 13 has entered into several annual operating lease agreements for the Truants Alternative/Optional Education, Early Childhood Block Grant, Regional Safe School, and Special Education for Infants and Families with Disabilities programs to provide classroom space, office space, and utilities for grant programs. The Regional Office of Education No. 13 has also entered into an annual operating lease agreement for the Building Fund to provide office space. Rent expense for 2017 totaled \$63,240. Future minimum rentals are as follow for the year ending June 30:

2018	<u>\$ 21,540</u>
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NOTE 5 - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education No. 13 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases are capitalized when purchased for business-type activities. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 91,500	\$ -	\$ -	\$ 91,500
Capital assets being depreciated:				
Buildings and building improvements	860,514	-	-	860,514
Vehicles	47,746	-	-	47,746
Office equipment and furniture	43,523	-	-	43,523
Computer equipment	163,623	-	-	163,623
Other equipment and leasehold improvements	136,579	-	-	136,579
Total capital assets being depreciated	1,251,985	-	-	1,251,985
Less: Accumulated depreciation	743,354	31,181	-	774,535
Governmental activities capital assets, net	600,131	(31,181)	-	568,950
Business-type activities:				
Capital assets being depreciated:				
Office equipment and furniture	26,401	-	-	26,401
Computer equipment	37,149	-	-	37,149
Other equipment and leasehold improvements	19,960	-	-	19,960
Total capital assets being depreciated	83,510	-	-	83,510
Less: Accumulated depreciation	83,206	304	-	83,510
Business-type activities capital assets, net	\$ 304	\$ (304)	\$ -	\$ -

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Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2017 of \$31,181 and \$304 was charged to governmental activities instructional services and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

General Information about the Pension Plan

The Regional Office of Education No. 13 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/cafrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service 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.

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016 the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). 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. 13.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 13. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education No. 13 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 13, and the Regional Office of Education No. 13 recognized revenue and expenditures of \$1,101,479 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, 2017, were \$7,954, and are deferred because they were paid after the June 30, 2016 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. 13, there is a statutory requirement for the Regional Office of Education No. 13 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

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For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$150,036 were paid from federal and special trust funds that required employer contributions of \$57,845. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 13 is required to make a one-time contribution to TRS for members retiring under the (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education No. 13 made no payments to TRS for employer ERO contributions.

The Regional Office of Education No. 13 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, 2017, the Regional Office of Education No. 13 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, 2017, the Regional Office of Education No. 13 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 Regional Office of Education No. 13. The State’s support and total are for disclosure purposes only. The amount recognized by the Regional Office of Education No. 13 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:

Regional Office of Education No. 13’s proportionate share of the net pension liability	\$ 1,262,438
State’s proportionate share of the net pension liability associated with the Regional Office of Education No. 13	11,215,990
Total	\$ 12,478,428

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015,

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and rolled forward to June 30, 2016. The Regional Office of Education No. 13's proportion of the net pension liability was based on the Regional Office of Education No. 13's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the employer's proportion was 0.0015993173 percent, which was an increase of 0.0006918663 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education No. 13 recognized pension expense of \$1,101,479 and revenue of \$1,101,479 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education No. 13 recognized pension expense of \$185,228. At June 30, 2017, the Regional Office of Education No. 13 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,334	\$ 856
Net difference between projected and actual earnings on pension plan investments	35,667	-
Changes of assumptions	108,425	-
Changes in proportion and differences between the Regional Office of Education No. 13 contributions and proportionate share of contributions	964,338	613,905
Regional Office of Education No. 13 contributions subsequent to the measurement date	65,799	-
Total	\$ 1,183,563	\$ 614,761

\$65,799 reported as deferred outflows of resources related to pensions resulting from the Regional Office of Education No. 13 contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. 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 Ended June 30,	Net Deferred Outflows of Resources
2018	\$ 95,601
2019	95,601
2020	164,510
2021	123,662
2022	23,629
Total	\$ 503,003

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Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. 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. bonds 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 fund (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	100.0%	

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Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which is a change from the June 30, 2015 rate of 7.47 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, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well 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. 13’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Regional Office of Education No. 13’s proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the Regional Office of Education No. 13’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Regional Office of Education No. 13’s proportionate share of the net pension liability	\$ 1,544,013	\$ 1,262,438	\$ 1,032,465

TRS Fiduciary Net Position

Detailed information about the TRS’s fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

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ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF Plan Description

The Regional Office of Education No. 13'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. 13's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

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- 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, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	57
Inactive Plan Member entitled to but not yet receiving benefits	60
Active Plan Members	62
Total	179

Contributions

As set by statute, the Regional Office of Education No. 13’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. 13’s annual contribution rate for calendar year 2016 was 9.81%. For the calendar year ended December 31, 2016, the Regional Office of Education No. 13 contributed \$190,317 to the plan. The Regional Office of Education No. 13 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education No. 13’s net pension liability was measured as of December 31, 2016. 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, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.

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- **Projected Retirement Age** was from the experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation according to an experience study of the period 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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, 2016:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65%-7.35%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

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:

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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 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Pension Liability (Asset) (A) - (B)
Balances at December 31, 2015	\$ 7,136,749	\$ 6,315,249	\$ 821,500
Changes for the year:			
Service Cost	202,111	-	202,111
Interest on the total pension liability	531,249	-	531,249
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(51,327)	-	(51,327)
Changes in assumptions	-	-	-
Contributions - employer	-	190,317	(190,317)
Contributions - employees	-	91,594	(91,594)
Net investment income	-	413,559	(413,559)
Benefit payments, including refunds of employee contributions	(308,971)	(308,971)	-
Other (net transfer)	-	(11,681)	11,681
Net changes	<u>373,062</u>	<u>374,818</u>	<u>(1,756)</u>
Balances at December 31, 2016	<u>\$ 7,509,811</u>	<u>\$ 6,690,067</u>	<u>\$ 819,744</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:

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	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 1,803,469	\$ 819,744	\$ 15,203

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

For the year ended June 30, 2017, the Regional Office of Education No. 13 recognized pension expense of \$334,244. At June 30, 2017, the Regional Office of Education No. 13 reported deferred outflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Difference between expected and actual experience	\$ 1,786,552	\$ 1,744,934
Changes in assumptions	60,734	-
Net difference between projected and actual earnings on pension plan investments	340,785	-
Total deferred amounts to be recognized in pension expense in future periods	2,188,071	1,744,934
Pension contributions made subsequent to the measurement date	112,269	-
Total deferred amounts related to pension	\$ 2,300,340	\$ 1,744,934

\$112,269 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ended December 31,	Net Deferred Outflows of Resources
2017	\$ 151,186
2018	151,186
2019	129,399
2020	11,366
2021	-
Thereafter	-
Total	\$ 443,137

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NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security Fund

THIS Plan Description

The Regional Office of Education No. 13 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the TRS. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State to make a contribution to the THIS Fund.

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

On-behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 13. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$15,223 and the Regional Office of Education No. 13 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2016 and June 30, 2015 were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of Regional Office of Education No. 13 employees were \$15,238 and \$14,173, respectively.

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Regional Office of Education No. 13 contributions to the THIS Fund

The Regional Office of Education No. 13 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year end June 30, 2017 and 0.80 and 0.76 percent during the years ended June 30, 2016 and June 30, 2015, respectively. For the year ended June 30, 2017, the Regional Office of Education No. 13 paid \$11,417 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2016 and June 30, 2015, the Regional Office of Education No. 13 paid \$11,393 and \$10,561 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.”

NOTE 8 - LONG-TERM DEBT

The Regional Office of Education No.13 had the following loan at June 30, 2017:

Governmental activities:

Loan from Community First Bank of the Heartland dated July 7, 2014 in the amount of \$321,893 to finance the administrative building and the Alternative School building loan. It is payable in monthly installments of \$3,273 with a maturity date of August 7, 2025. The loan includes interest of 5.625% and is secured by the related real estate. \$ 249,341

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

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 25,708	\$ 13,573	\$ 39,281
2019	27,148	12,133	39,281
2020	28,763	10,518	39,281
2021	30,424	8,857	39,281
2022	32,234	7,047	39,281
2023-2026	<u>105,064</u>	<u>9,777</u>	<u>114,841</u>
Total	<u>\$ 249,341</u>	<u>\$ 61,905</u>	<u>\$ 311,246</u>

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NOTE 9 - CHANGES IN NONCURRENT LIABILITIES

Noncurrent liabilities activities for the Regional Office of Education No. 13 for the year ended June 30, 2017, were as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental and Business- type Activities:					
Notes payable	\$ 274,848	\$ -	\$ 25,507	\$ 249,341	\$ 25,708
Net pension liability - IMRF	821,500	-	1,756	819,744	-
Net pension liability - TRS	594,471	667,967	-	1,262,438	-
Total	<u>\$ 1,690,819</u>	<u>\$ 667,967</u>	<u>\$ 27,263</u>	<u>\$ 2,331,523</u>	<u>\$ 25,708</u>

NOTE 10 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2017 consist of the following individual due to/from other funds in the governmental funds Balance Sheet, proprietary funds Statement of Net Position, and fiduciary funds Statement of Net Position. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. The balances between governmental and business-type activities and the balances between business-type activities and agency funds were not eliminated in the government-wide Statement of Net Position.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Special Projects	\$ -	\$ 20,783
Alternative Education Project	67,793	-
Safe School Tuition	200,772	-
Safe School Projects	18,042	-
Administrator's Academy	20,095	-
Conference	10,070	-
Office Operations	266,274	-
Southern Thirty	236,436	-

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Fund	Due from Other Funds	Due to Other Funds
Education Fund:		
Truants Alternative/Optional Education	\$ -	\$ 159,662
Early Childhood Block Grant	-	364,910
McKinney Education for Homeless Children	-	32,205
Regional Safe Schools	-	56,983
ROE/ISC Operations	6,556	-
Special Education for Infants and Families with Disabilities	-	358,899
Title I - School Improvement System of Support	-	19,043
Pilot Regional Safe School Cooperative	-	3,160
National and State School Breakfast and Lunch	-	9,306
Mt. Vernon Pre-K	-	30,144
Area VI Technology	-	47,875
Nonmajor Special Revenue Funds:		
General Education Development	13,028	-
Internal Service Funds:		
Building	-	39,330
Transportation Reimbursement	-	68,896
Proprietary Funds:		
Workshops	214,146	-
Mt. Vernon Conference	-	15,950
Technology/Testing Cooperative	117,001	-
Institute	56,933	-
Total	<u>\$ 1,227,146</u>	<u>\$ 1,227,146</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 - DEFICIT FUND BALANCES

The following funds has a deficit fund balance as of June 30, 2017:

General Fund:		
Special Projects	\$	25,376
Education Fund:		
Truants Alternative/Optional Education		64,142
Early Childhood Block Grant		293,415
McKinney Education for Homeless Children		19
Regional Safe Schools		46,327
Special Education for Infants and Families with Disabilities		34,898
Title I - School Improvement System of Support		10
Pilot Regional Safe School Cooperative		3,160
National and State School Breakfast and Lunch		9,917
Mt. Vernon Pre-K		46,514
Area VI Technology		765
Internal Service Fund:		
Transportation Reimbursement		68,896
Proprietary Fund:		
Mt. Vernon Conference		16,452
Total	\$	<u>609,891</u>

The deficit fund balances are due mostly to grants being overexpended and/or due to timing of recognition of revenue. It is expected that these deficits will continue into the future, however, some of the deficits will be reduced as fund become available.

NOTE 12 - DUE TO/DUE FROM OTHER GOVERNMENTS

The Regional Office of Education No. 13's General Fund, Education Fund, Enterprise Funds, and Agency Funds had funds due from/to various other governmental units which consisted of the following at June 30, 2017:

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Due From Other Governments

General Fund:	
Illinois State Board of Education	\$ 71,579
Clinton County	15,547
Local school districts	101,342
Education Fund:	
Illinois State Board of Education	1,186,943
Regional Office of Education No. 50	27,772
Local school districts	47,110
Enterprise Funds:	
Local governments	9,970
Fiduciary Funds:	
Local governments	239,157
Total	\$ 1,699,420

Due To Other Governments

General Fund:	
Clinton County	\$ 3,532
Education Fund:	
Illinois State Board of Education	35,688
Regional Office of Education No. 50	6,500
Fiduciary Funds:	
Local governments	185,786
Total	\$ 231,506

NOTE 13 - ON-BEHALF PAYMENTS

Clinton, Jefferson, Marion, and Washington Counties provide the Regional Office of Education No. 13 with staff and pay certain expenditures on behalf of the Regional Office of Education No. 13. The expenditures paid on the Regional Office of Education No. 13's behalf for the year ended June 30, 2017, were as follows:

Salaries and benefits	\$ 123,885
Purchased services	53,669
Supplies and materials	4,338
Total	\$ 181,892

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

The Regional Office of Education No. 13 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent-salary	\$	112,800
Regional Superintendent-benefits (includes State paid insurance)		29,633
Assistant Regional Superintendent-salary		101,520
Assistant Regional Superintendent-benefits (includes State paid insurance)		28,949
THIS post-employment benefit contributions		15,223
Total	\$	<u>288,125</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by ISBE. These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

The Regional Office of Education No. 13 also recorded \$1,101,479 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 13 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

Clinton, Jefferson, Marion, and Washington Counties on-behalf payments	\$	181,892
State of Illinois on-behalf payments		288,125
ROE No. 13's share of TRS pension expense		1,101,479
Total	\$	<u>1,571,496</u>

NOTE 14 - PROSPECTIVE ACCOUNTING CHANGE

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ended June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a liability for the government's other postemployment benefits.

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

**Teachers' Retirement System of the State of Illinois
Schedule of the Employer's Proportionate Share of the Net Pension Liability (Unaudited)**

	FY2016*	FY2015*	FY2014*
Employer's proportion of the net pension liability	0.0015993173%	0.0009074510%	0.0005698645%
Employer's proportionate share of the net pension liability	\$ 1,262,438	\$ 594,471	\$ 346,809
State's proportionate share of the net pension liability associated with the employer	11,215,990	9,018,290	8,543,759
Total	\$ 12,478,428	\$ 9,612,761	\$ 8,890,568
Employer's covered payroll	\$ 1,424,180	\$ 1,389,546	\$ 1,450,204
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	88.6%	42.8%	23.9%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

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

**Teachers' Retirement System of the State of Illinois
Schedule of Employer Contributions (Unaudited)**

	FY2017	FY2016	FY2015	FY2014
Statutorily-required contribution	\$ 65,707	\$ 62,497	\$ 31,467	\$ 20,951
Contributions in relation to the statutorily-required contribution	65,799	62,497	31,511	20,974
Contribution deficiency (excess)	\$ (92)	\$ -	\$ (44)	\$ (23)
Employer's covered payroll	\$ 1,359,216	\$ 1,424,180	\$ 1,389,546	\$ 1,450,204
Contributions as a percentage of covered payroll	4.84%	4.39%	2.27%	1.45%

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

Notes to Required Supplementary Information

Changes of assumptions

For the 2016 measurement year, 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 also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

**Illinois Municipal Retirement Fund
Schedule of Changes in the Net Pension Liability and Related Ratios (Unaudited)
Last Three Calendar Years**

Calendar year ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 202,111	\$ 212,264	\$ 204,497
Interest on the total pension liability	531,249	492,319	447,045
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension (asset) liability	(51,327)	138,133	21,127
Changes of assumptions	-	-	226,444
Benefit payments, including refunds of employee contributions	(308,971)	(328,179)	(270,509)
Net change in total pension liability	<u>373,062</u>	<u>514,537</u>	<u>628,604</u>
Total pension liability - beginning	7,136,749	6,622,212	5,993,608
Total pension liability - ending (A)	<u>\$ 7,509,811</u>	<u>\$ 7,136,749</u>	<u>\$ 6,622,212</u>
Plan fiduciary net position			
Contributions - employer	\$ 190,317	\$ 211,291	\$ 230,335
Contributions - employees	91,594	91,061	94,192
Net investment income	413,559	(3,923)	396,322
Benefit payments, including refunds of employee contributions	(308,971)	(328,179)	(270,509)
Other (net transfer)	(11,681)	552	(5,232)
Net change in plan fiduciary net position	<u>374,818</u>	<u>(29,198)</u>	<u>445,108</u>
Plan fiduciary net position - beginning	6,315,249	6,344,447	5,899,339
Plan fiduciary net position - ending (B)	<u>\$ 6,690,067</u>	<u>\$ 6,315,249</u>	<u>\$ 6,344,447</u>
Net pension liability - ending (A) - (B)	<u>\$ 819,744</u>	<u>\$ 821,500</u>	<u>\$ 277,765</u>
Plan fiduciary net position as a percentage of the total pension liability	89.08%	88.49%	95.81%
Covered payroll	\$ 1,940,038	\$ 1,964,792	\$ 1,920,614
Net pension liability as a percentage of covered payroll	42.25%	41.81%	14.46%

Notes to Schedule:

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

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions (Unaudited)
Last Three Calendar Years**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2016	\$ 190,318	\$ 190,317	\$ 1	\$ 1,940,038	9.81%
2015	201,588	211,291	(9,703)	1,964,792	10.75%
2014	201,664	230,335	(28,671)	1,920,614	11.99%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	27-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75% - approximate; No explicit price inflation assumption is used in this evaluation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	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.
<i>Mortality:</i>	RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, 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 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation.

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.

OTHER SUPPLEMENTARY INFORMATION

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2017**

SCHEDULE 1

	Special Projects	Alternative Education Project	Safe School Tuition	Safe School Projects	Administrator's Academy
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,108	\$ -
Accounts receivable	-	1,617	-	568	-
Due from other governments	91,867	-	700	-	8,775
Due from other funds	-	67,793	200,772	18,042	20,095
TOTAL ASSETS	91,867	69,410	201,472	19,718	28,870
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	96,460	23,423	3,771	8,713	-
Due to other governments	-	-	-	-	-
Due to other funds	20,783	-	-	-	-
Total liabilities	117,243	23,423	3,771	8,713	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCES (DEFICIT)					
Assigned	-	45,987	197,701	11,005	28,870
Unassigned	(25,376)	-	-	-	-
Total fund balances (deficit)	(25,376)	45,987	197,701	11,005	28,870
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 91,867	\$ 69,410	\$ 201,472	\$ 19,718	\$ 28,870

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 GENERAL FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2017

SCHEDULE 1
 (CONTINUED)

	Conference	Office Operations	Southern Thirty	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,108
Accounts receivable	-	68	-	2,253
Due from other governments	-	15,547	71,579	188,468
Due from other funds	10,070	266,274	236,436	819,482
TOTAL ASSETS	10,070	281,889	308,015	1,011,311
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)				
LIABILITIES				
Accounts payable and accrued expenses	-	1,526	7,214	141,107
Due to other governments	-	3,532	-	3,532
Due to other funds	-	-	-	20,783
Total liabilities	-	5,058	7,214	165,422
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	36,405	36,405
FUND BALANCES (DEFICIT)				
Assigned	10,070	276,831	264,396	834,860
Unassigned	-	-	-	(25,376)
Total fund balances (deficit)	10,070	276,831	264,396	809,484
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 10,070	\$ 281,889	\$ 308,015	\$ 1,011,311

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE 2

	Special Projects	Alternative Education Project	Safe School Tuition	Safe School Projects	Administrator's Academy
REVENUES					
Local sources	\$ 11,954	\$ 7,620	\$ 91,400	\$ 1,663	\$ 31,700
State sources	-	351,720	-	164,723	-
On-behalf payments - local	181,892	-	-	-	-
On-behalf payments - State	288,125	-	-	-	-
Interest	19	116	289	13	9
Total revenues	<u>481,990</u>	<u>359,456</u>	<u>91,689</u>	<u>166,399</u>	<u>31,709</u>
EXPENDITURES					
Salaries and benefits	2,446	305,488	66,112	139,609	-
Purchased services	6,581	75,898	1,642	24,896	3,516
Supplies and materials	45,883	8,270	-	1,807	-
Other objects	-	2,219	-	780	-
Pension expense	-	25,571	3,579	11,244	-
On-behalf payments - local	181,892	-	-	-	-
On-behalf payments - State	288,125	-	-	-	-
Total expenditures	<u>524,927</u>	<u>417,446</u>	<u>71,333</u>	<u>178,336</u>	<u>3,516</u>
NET CHANGE IN FUND BALANCES	(42,937)	(57,990)	20,356	(11,937)	28,193
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	17,561	103,977	177,345	22,942	677
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (25,376)</u>	<u>\$ 45,987</u>	<u>\$ 197,701</u>	<u>\$ 11,005</u>	<u>\$ 28,870</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 2
(CONTINUED)**

	Conference	Office Operations	Southern Thirty	Total
REVENUES				
Local sources	\$ 17,875	\$ 360,100	\$ 218,325	\$ 740,637
State sources	-	-	-	516,443
On-behalf payments - local	-	-	-	181,892
On-behalf payments - State	-	-	-	288,125
Interest	17	-	31	494
Total revenues	<u>17,892</u>	<u>360,100</u>	<u>218,356</u>	<u>1,727,591</u>
EXPENDITURES				
Salaries and benefits	-	-	75,382	589,037
Purchased services	17,257	-	2,684	132,474
Supplies and materials	-	-	952	56,912
Other objects	-	-	-	2,999
Pension expense	-	-	5,639	46,033
On-behalf payments - local	-	-	-	181,892
On-behalf payments - State	-	-	-	288,125
Total expenditures	<u>17,257</u>	<u>-</u>	<u>84,657</u>	<u>1,297,472</u>
NET CHANGE IN FUND BALANCES	635	360,100	133,699	430,119
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	9,435	(83,269)	130,697	379,365
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 10,070</u>	<u>\$ 276,831</u>	<u>\$ 264,396</u>	<u>\$ 809,484</u>

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2017

SCHEDULE 3

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant	McKinney Education for Homeless Children	Regional Safe Schools
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	215,030	491,668	35,097	55,658
Due from other funds	-	-	-	-	-
TOTAL ASSETS	-	215,030	491,668	35,097	55,658
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	-	22,638	104,701	2,911	9,080
Due to other governments	-	-	35,688	-	-
Due to other funds	-	159,662	364,910	32,205	56,983
Total liabilities	-	182,300	505,299	35,116	66,063
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	96,872	279,784	-	35,922
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	-	-
Unassigned	-	(64,142)	(293,415)	(19)	(46,327)
Total fund balances (deficit)	-	(64,142)	(293,415)	(19)	(46,327)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ -	\$ 215,030	\$ 491,668	\$ 35,097	\$ 55,658

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2017

SCHEDULE 3
 (CONTINUED)

	ROE/ISC Operations	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support	Pilot Regional Safe School Cooperative	Principal Collegial Network
ASSETS					
Cash and cash equivalents	\$ 2,917	\$ -	\$ -	\$ -	\$ 85
Due from other governments	-	363,322	27,772	3,171	-
Due from other funds	6,556	-	-	-	-
TOTAL ASSETS	<u>9,473</u>	<u>363,322</u>	<u>27,772</u>	<u>3,171</u>	<u>85</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	1,356	3,987	2,239	-	-
Due to other governments	-	-	6,500	-	-
Due to other funds	-	358,899	19,043	3,160	-
Total liabilities	<u>1,356</u>	<u>362,886</u>	<u>27,782</u>	<u>3,160</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	35,334	-	3,171	-
FUND BALANCES (DEFICIT)					
Restricted	8,117	-	-	-	85
Unassigned	-	(34,898)	(10)	(3,160)	-
Total fund balances (deficit)	<u>8,117</u>	<u>(34,898)</u>	<u>(10)</u>	<u>(3,160)</u>	<u>85</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u>\$ 9,473</u>	<u>\$ 363,322</u>	<u>\$ 27,772</u>	<u>\$ 3,171</u>	<u>\$ 85</u>

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2017

SCHEDULE 3
 (CONTINUED)

	National and State School Breakfast and Lunch	Mt. Vernon Pre-K	Area VI Technology	Share Our Strength	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3	\$ 3,005
Due from other governments	498	22,499	47,110	-	1,261,825
Due from other funds	-	-	-	-	6,556
TOTAL ASSETS	<u>498</u>	<u>22,499</u>	<u>47,110</u>	<u>3</u>	<u>1,271,386</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	669	38,869	-	-	186,450
Due to other governments	-	-	-	-	42,188
Due to other funds	9,306	30,144	47,875	-	1,082,187
Total liabilities	<u>9,975</u>	<u>69,013</u>	<u>47,875</u>	<u>-</u>	<u>1,310,825</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	440	-	-	-	451,523
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	3	8,205
Unassigned	(9,917)	(46,514)	(765)	-	(499,167)
Total fund balances (deficit)	<u>(9,917)</u>	<u>(46,514)</u>	<u>(765)</u>	<u>3</u>	<u>(490,962)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u>\$ 498</u>	<u>\$ 22,499</u>	<u>\$ 47,110</u>	<u>\$ 3</u>	<u>\$ 1,271,386</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE 4

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant	McKinney Education for Homeless Children	Regional Safe Schools
REVENUES					
Local sources	\$ -	\$ 15,125	\$ -	\$ -	\$ -
State sources	-	119,085	791,379	-	39,572
Federal sources	4,328	-	-	60,114	-
Interest	-	22	-	-	-
Total revenues	<u>4,328</u>	<u>134,232</u>	<u>791,379</u>	<u>60,114</u>	<u>39,572</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	-	172,079	759,249	21,631	68,298
Purchased services	4,328	58,559	76,503	11,372	498
Supplies and materials	-	5,203	44,040	23,322	-
Pension expense	-	16,027	59,968	3,812	6,698
Intergovernmental:					
Payments to other governments	-	-	11,283	-	-
Total expenditures	<u>4,328</u>	<u>251,868</u>	<u>951,043</u>	<u>60,137</u>	<u>75,494</u>
NET CHANGE IN FUND BALANCES	-	(117,636)	(159,664)	(23)	(35,922)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	53,494	(133,751)	4	(10,405)
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ (64,142)</u>	<u>\$ (293,415)</u>	<u>\$ (19)</u>	<u>\$ (46,327)</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 4
(CONTINUED)**

	ROE/ISC Operations	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support	Pilot Regional Safe School Cooperative	Principal Collegial Network
REVENUES					
Local sources	\$ 130	-	-	-	\$ 2,275
State sources	119,993	1,755,580	-	-	-
Federal sources	-	-	57,728	-	-
Interest	8	-	-	10	2
Total revenues	<u>120,131</u>	<u>1,755,580</u>	<u>57,728</u>	<u>10</u>	<u>2,277</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	54,772	1,404,117	11,260	-	-
Purchased services	52,804	265,676	13,358	3,151	3,451
Supplies and materials	2,874	25,930	1,723	19	-
Pension expense	3,620	97,284	702	-	-
Intergovernmental:					
Payments to other governments	-	-	30,685	-	-
Total expenditures	<u>114,070</u>	<u>1,793,007</u>	<u>57,728</u>	<u>3,170</u>	<u>3,451</u>
NET CHANGE IN FUND BALANCES	6,061	(37,427)	-	(3,160)	(1,174)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	2,056	2,529	(10)	-	1,259
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 8,117</u>	<u>\$ (34,898)</u>	<u>\$ (10)</u>	<u>\$ (3,160)</u>	<u>\$ 85</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE 4
(CONTINUED)**

	National and State School Breakfast and Lunch	Mt. Vernon Pre-K	Area VI Technology	Share Our Strength	Total
REVENUES					
Local sources	\$ -	-	\$ 47,110	\$ 1,300	\$ 65,940
State sources	319	316,677	-	-	3,142,605
Federal sources	60,758	-	-	-	182,928
Interest	-	14	-	-	56
Total revenues	<u>61,077</u>	<u>316,691</u>	<u>47,110</u>	<u>1,300</u>	<u>3,391,529</u>
EXPENDITURES					
Instructional services:					
Salaries and benefits	14,119	314,082	43,878	-	2,863,485
Purchased services	42,552	22,460	364	-	555,076
Supplies and materials	9,810	1,241	-	1,297	115,459
Pension expense	1,102	25,422	3,633	-	218,268
Intergovernmental:					
Payments to other governments	-	-	-	-	41,968
Total expenditures	<u>67,583</u>	<u>363,205</u>	<u>47,875</u>	<u>1,297</u>	<u>3,794,256</u>
NET CHANGE IN FUND BALANCES	(6,506)	(46,514)	(765)	3	(402,727)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(3,411)	-	-	-	(88,235)
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (9,917)</u>	<u>\$ (46,514)</u>	<u>\$ (765)</u>	<u>\$ 3</u>	<u>\$ (490,962)</u>

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 5

	Title II - Teacher Quality Leadership Grant				Truants Alternative/Optional Education					
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)		Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	
	Original	Final		Original	Final	Original	Final			
REVENUES										
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,125	\$ 15,125	\$ 15,125
State sources	-	-	-	-	-	234,220	234,220	119,085	(115,135)	(115,135)
Federal sources	4,326	4,329	4,328	(1)	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	22	22	22
Total revenues	4,326	4,329	4,328	(1)	234,220	234,220	234,220	134,232	(99,988)	(99,988)
EXPENDITURES										
Instructional services:										
Salaries and benefits	-	-	-	-	-	194,525	187,505	172,079	15,426	15,426
Purchased services	4,326	4,329	4,328	1	-	35,878	42,108	58,559	(16,451)	(16,451)
Supplies and materials	-	-	-	-	-	3,817	4,607	5,203	(596)	(596)
Capital outlay	-	-	-	-	-	-	-	-	-	-
Pension expense	-	-	-	-	-	-	-	16,027	(16,027)	(16,027)
Intergovernmental:										
Payments to other governments	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,326	4,329	4,328	1	234,220	234,220	234,220	251,868	(17,648)	(17,648)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(117,636)	\$ (117,636)	\$ (117,636)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR								53,494		53,494
FUND BALANCES (DEFICIT), END OF YEAR								\$ (64,142)		\$ (64,142)

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 5
 (CONTINUED)

	Early Childhood Block Grant				McKinney Education for Homeless Children					
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)		Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	
	Original	Final		Original	Final	Original	Final		Original	Final
REVENUES										
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	988,800	1,057,280	791,379	(265,901)	-	-	-	-	-	-
Federal sources	-	-	-	-	60,113	60,113	60,114	60,114	1	1
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>988,800</u>	<u>1,057,280</u>	<u>791,379</u>	<u>(265,901)</u>	<u>60,113</u>	<u>60,113</u>	<u>60,114</u>	<u>60,114</u>	<u>1</u>	<u>1</u>
EXPENDITURES										
Instructional services:										
Salaries and benefits	843,821	858,426	759,249	99,177	24,420	24,420	21,631	21,631	2,789	2,789
Purchased services	67,983	71,591	76,503	(4,912)	5,705	5,705	11,372	11,372	(5,667)	(5,667)
Supplies and materials	37,996	84,263	44,040	40,223	29,988	29,988	23,322	23,322	6,666	6,666
Capital outlay	-	-	-	-	-	-	-	-	-	-
Pension expense	-	-	59,968	(59,968)	-	-	3,812	3,812	(3,812)	(3,812)
Intergovernmental:										
Payments to other governments	39,000	43,000	11,283	31,717	-	-	-	-	-	-
Total expenditures	<u>988,800</u>	<u>1,057,280</u>	<u>951,043</u>	<u>106,237</u>	<u>60,113</u>	<u>60,113</u>	<u>60,137</u>	<u>60,137</u>	<u>(24)</u>	<u>(24)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>(159,664)</u>	<u>\$ (159,664)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(23)</u>	<u>(23)</u>	<u>\$ (23)</u>	<u>(23)</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			<u>(133,751)</u>				<u>4</u>			
FUND BALANCES (DEFICIT), END OF YEAR			<u>\$ (293,415)</u>				<u>\$ (19)</u>			

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 5
 (CONTINUED)

	Regional Safe Schools				ROE/ISC Operations			
	Budgeted Amounts		Actual	Variance with Final	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget - Favorable (Unfavorable)	Original	Final	Amounts	Budget - Favorable (Unfavorable)
REVENUES								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130	\$ 130
State sources	78,659	78,659	39,572	(39,087)	113,937	113,937	119,993	6,056
Federal sources	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	8	8
Total revenues	<u>78,659</u>	<u>78,659</u>	<u>39,572</u>	<u>(39,087)</u>	<u>113,937</u>	<u>113,937</u>	<u>120,131</u>	<u>6,194</u>
EXPENDITURES								
Instructional services:								
Salaries and benefits	77,879	77,852	68,298	9,554	68,030	59,932	54,772	5,160
Purchased services	780	807	498	309	40,907	50,705	52,804	(2,099)
Supplies and materials	-	-	-	-	5,000	3,300	2,874	426
Capital outlay	-	-	-	-	-	-	-	-
Pension expense	-	-	6,698	(6,698)	-	-	3,620	(3,620)
Intergovernmental:								
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	<u>78,659</u>	<u>78,659</u>	<u>75,494</u>	<u>3,165</u>	<u>113,937</u>	<u>113,937</u>	<u>114,070</u>	<u>(133)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>(35,922)</u>	<u>\$ (35,922)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,061</u>	<u>\$ 6,061</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			<u>(10,405)</u>				<u>2,056</u>	
FUND BALANCES (DEFICIT), END OF YEAR			<u>\$ (46,327)</u>				<u>\$ 8,117</u>	

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 5
 (CONTINUED)

	Special Education for Infants and Families with Disabilities				Title I - School Improvement System of Support						
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)		Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)		
	Original	Final		Original	Final	Original	Final		Original	Final	
REVENUES											
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,940,963	1,940,963	1,755,580	(185,383)	-	-	-	-	-	-	-
Federal sources	-	-	-	-	66,779	66,779	57,728	(9,051)	57,728	(9,051)	(9,051)
Interest	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,940,963	1,940,963	1,755,580	(185,383)	66,779	66,779	57,728	(9,051)	57,728	(9,051)	(9,051)
EXPENDITURES											
Instructional services:											
Salaries and benefits	1,573,770	1,573,770	1,404,117	169,653	22,112	22,112	11,260	10,852	11,260	10,852	10,852
Purchased services	274,973	274,973	265,676	9,297	5,998	5,998	13,358	(7,360)	13,358	(7,360)	(7,360)
Supplies and materials	48,300	48,300	25,930	22,370	1,669	1,669	1,723	(54)	1,723	(54)	(54)
Capital outlay	43,920	43,920	-	43,920	-	-	-	-	-	-	-
Pension expense	-	-	97,284	(97,284)	-	-	702	(702)	702	(702)	(702)
Intergovernmental:											
Payments to other governments	-	-	-	-	37,000	37,000	30,685	6,315	30,685	6,315	6,315
Total expenditures	1,940,963	1,940,963	1,793,007	147,956	66,779	66,779	57,728	9,051	57,728	(9,051)	9,051
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(37,427)	\$ (37,427)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR			2,529				(10)				
FUND BALANCES (DEFICIT), END OF YEAR			\$ (34,898)				\$ (10)				\$ (10)

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 5
 (CONTINUED)

	Pilot Regional Safe School Cooperative						Total	
	Budgeted Amounts			Actual Amounts			Variance with Final Budget - Favorable (Unfavorable)	
	Original	Final		Original	Final		Original	Final
REVENUES								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,255	\$ 15,255
State sources	38,809	38,809	-	3,395,388	3,463,868	(38,809)	2,825,609	(638,259)
Federal sources	-	-	-	131,218	131,221	-	122,170	(9,051)
Interest	-	-	10	-	-	10	40	40
Total revenues	<u>38,809</u>	<u>38,809</u>	<u>10</u>	<u>3,526,606</u>	<u>3,595,089</u>	<u>(38,799)</u>	<u>2,963,074</u>	<u>(632,015)</u>
EXPENDITURES								
Instructional services:								
Salaries and benefits	29,332	29,332	-	2,833,889	2,833,349	29,332	2,491,406	341,943
Purchased services	3,600	3,600	3,151	440,150	459,816	449	486,249	(26,433)
Supplies and materials	5,877	5,877	19	132,647	178,004	5,858	103,111	74,893
Capital outlay	-	-	-	43,920	43,920	-	-	43,920
Pension expense	-	-	-	-	-	-	188,111	(188,111)
Intergovernmental:								
Payments to other governments	-	-	-	76,000	80,000	-	41,968	38,032
Total expenditures	<u>38,809</u>	<u>38,809</u>	<u>3,170</u>	<u>3,526,606</u>	<u>3,595,089</u>	<u>35,639</u>	<u>3,310,845</u>	<u>284,244</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>(3,160)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,160)</u>	<u>\$ (347,771)</u>	<u>\$ (347,771)</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR								
FUND BALANCES (DEFICIT), END OF YEAR								

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2017

SCHEDULE 6

	General Education Development	Bus Driver Training	Supervisory	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,729	\$ -	\$ 4,729
Accounts receivable	28	-	-	28
Due from other funds	13,028	-	-	13,028
TOTAL ASSETS	13,056	4,729	-	17,785
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	-	300	-	300
FUND BALANCES				
Restricted	13,056	4,429	-	17,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,056	\$ 4,729	\$ -	\$ 17,785

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 7

	General Education Development	Bus Driver Training	Supervisory	Total
REVENUES				
Local sources	\$ 7,834	\$ 4,730	\$ -	\$ 12,564
State sources	-	1,515	-	1,515
Interest	21	4	-	25
Total revenues	<u>7,855</u>	<u>6,249</u>	<u>-</u>	<u>14,104</u>
EXPENDITURES				
Salaries and benefits	7,817	-	-	7,817
Purchased services	121	3,661	4	3,786
Supplies and materials	63	-	-	63
Pension expense	382	-	-	382
Total expenditures	<u>8,383</u>	<u>3,661</u>	<u>4</u>	<u>12,048</u>
NET CHANGE IN FUND BALANCES	(528)	2,588	(4)	2,056
FUND BALANCES, BEGINNING OF YEAR	<u>13,584</u>	<u>1,841</u>	<u>4</u>	<u>15,429</u>
FUND BALANCES, END OF YEAR	<u>\$ 13,056</u>	<u>\$ 4,429</u>	<u>\$ -</u>	<u>\$ 17,485</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017**

SCHEDULE 8

	<u>Building</u>	<u>Transportation Reimbursement</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Noncurrent assets:			
Capital assets, net of depreciation	554,692	-	554,692
TOTAL ASSETS	<u>554,692</u>	<u>-</u>	<u>554,692</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	1,068	-	1,068
Due to other funds	39,330	68,896	108,226
Current portion of long-term debt	25,708	-	25,708
Total current liabilities	<u>66,106</u>	<u>68,896</u>	<u>135,002</u>
Noncurrent liabilities:			
Long-term debt, net	223,633	-	223,633
TOTAL LIABILITIES	<u>289,739</u>	<u>68,896</u>	<u>358,635</u>
NET POSITION			
Net investment in capital assets	305,351	-	305,351
Unrestricted	<u>(40,398)</u>	<u>(68,896)</u>	<u>(109,294)</u>
TOTAL NET POSITION	<u>\$ 264,953</u>	<u>\$ (68,896)</u>	<u>\$ 196,057</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITON
FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE 9

	<u>Building</u>	<u>Transportation Reimbursement</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 70,300	\$ 15,587	\$ 85,887
OPERATING EXPENSES			
Salaries and benefits	-	6,335	6,335
Purchased services	7,355	8,563	15,918
Supplies and materials	1,285	5,083	6,368
Depreciation	22,207	1,447	23,654
Total operating expenses	<u>30,847</u>	<u>21,428</u>	<u>52,275</u>
OPERATING INCOME (LOSS)	<u>39,453</u>	<u>(5,841)</u>	<u>33,612</u>
NONOPERATING EXPENSE			
Interest expense	<u>(13,771)</u>	<u>-</u>	<u>(13,771)</u>
CHANGE IN NET POSITION	25,682	(5,841)	19,841
NET POSITION, BEGINNING OF YEAR	<u>239,271</u>	<u>(63,055)</u>	<u>176,216</u>
NET POSITION, END OF YEAR	<u>\$ 264,953</u>	<u>\$ (68,896)</u>	<u>\$ 196,057</u>

**CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 INTERNAL SERVICE FUND
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE 10

	<u>Building</u>	<u>Transportation Reimbursement</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Collection of fees	\$ 70,300	\$ 15,587	\$ 85,887
Payments to suppliers and providers of goods and services	(7,572)	(13,693)	(21,265)
Payments to employees	-	(6,335)	(6,335)
Net cash provided by (used in) operating activities	<u>62,728</u>	<u>(4,441)</u>	<u>58,287</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY:			
Inflows (outflows) due to interfund borrowings	<u>(23,450)</u>	<u>4,441</u>	<u>(19,009)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on capital debt	(25,507)	-	(25,507)
Interest paid on capital debt	<u>(13,771)</u>	<u>-</u>	<u>(13,771)</u>
Net cash used in capital and related financing activities	<u>(39,278)</u>	<u>-</u>	<u>(39,278)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 39,453	\$ (5,841)	\$ 33,612
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	22,207	1,447	23,654
Increase (decrease) in accounts payable and accrued expenses	1,068	(26)	1,042
Decrease in due to other governments	-	(21)	(21)
Net cash provided by (used in) operating activities	<u>\$ 62,728</u>	<u>\$ (4,441)</u>	<u>\$ 58,287</u>

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

SCHEDULE 11

	Rend Lake Regional Delivery System and Vocational Board	Transforming School Climate to Build Successful Learners	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,338	\$ -	\$ 1,338
Accounts receivable	31	-	31
Due from other governments	<u>184,417</u>	<u>54,740</u>	<u>239,157</u>
TOTAL ASSETS	<u><u>185,786</u></u>	<u><u>54,740</u></u>	<u><u>240,526</u></u>
LIABILITIES			
Accounts payable and accrued expenses	-	31,825	31,825
Due to primary government	-	22,915	22,915
Due to other governments	<u>185,786</u>	<u>-</u>	<u>185,786</u>
TOTAL LIABILITIES	<u><u>\$ 185,786</u></u>	<u><u>\$ 54,740</u></u>	<u><u>\$ 240,526</u></u>

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 12

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>REND LAKE REGIONAL DELIVERY SYSTEM AND VOCATIONAL BOARD</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,338	\$ -	\$ 1,338
Accounts receivable	-	31	-	31
Due from other governments	7,271	184,417	(7,271)	184,417
TOTAL ASSETS	7,271	185,786	(7,271)	185,786
LIABILITIES				
Due to primary government	6,772	-	(6,772)	-
Due to other governments	499	185,786	(499)	185,786
TOTAL LIABILITIES	7,271	185,786	(7,271)	185,786
<u>TRANSFORMING SCHOOL CLIMATE TO BUILD SUCCESSFUL LEARNERS</u>				
ASSETS				
Cash and cash equivalents	-	300,715	(300,715)	-
Due from other governments	23,395	54,740	(23,395)	54,740
TOTAL ASSETS	23,395	355,455	(324,110)	54,740
LIABILITIES				
Accounts payable and accrued expenses	-	31,825	-	31,825
Due to primary government	23,207	22,915	(23,207)	22,915
Due to other governments	188	300,715	(300,903)	-
TOTAL LIABILITIES	23,395	355,455	(324,110)	54,740
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 302,053	\$ (300,715)	\$ 1,338
Accounts receivable	-	31	-	31
Due from other governments	30,666	239,157	(30,666)	239,157
TOTAL ASSETS	30,666	541,241	(331,381)	240,526
LIABILITIES				
Accounts payable and accrued expenses	-	31,825	-	31,825
Due to primary government	29,979	22,915	(29,979)	22,915
Due to other governments	687	486,501	(301,402)	185,786
TOTAL LIABILITIES	\$ 30,666	\$ 541,241	\$ (331,381)	\$ 240,526