

STATE OF ILLINOIS
EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

FINANCIAL AUDIT
For the Year Ended June 30, 2016

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

For the Year Ended June 30, 2016

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EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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REGIONAL OFFICE OF EDUCATION #20

For the Year Ended June 30, 2016

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EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

OFFICIALS

For the Year Ended June 30, 2016

Regional Superintendent
(Current and During the Audit Period)

Dr. Lawrence Fillingim

Assistant Regional Superintendent
(During Audit Period, Acting, Effective July 1, 2015
through November 15, 2015)

Mr. James Taylor

Assistant Regional Superintendent
(During Audit Period, Acting, Effective November 16, 2015
through March 31, 2016)

Dr. Keith Talley

Assistant Regional Superintendent
(Current and during Audit Period, Acting, Effective
April 1, 2016 through June 30, 2016)

Mr. Vince Mitchell

Offices are located at:

512 N. Main Street
Harrisburg, IL 62946

930 Market Street
Mount Carmel, IL 62863

301 E. Main Street
Fairfield, IL 62837

307 E. Cherry Street
Carmi, IL 62821

50 E. Main Street
Albion, IL 62806

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2016

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.

AUDITORS' REPORT

The auditors' reports on compliance and internal controls do not contain scope limitations, disclaimers or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

| Number of | This Audit | Prior Audit |
|--|------------|-------------|
| Audit findings | 4 | 5 |
| Repeated audit findings | 2 | 3 |
| Prior recommendations implemented or not repeated | 3 | 3 |

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

SUMMARY OF FINDINGS AND RESPONSES

| Item No. | Page | Description | Finding Type |
|--|------|---|--|
| <i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i> | | | |
| 2016-001 | 11a | Controls Over Financial Statement Preparation | Material Weakness |
| 2016-002 | 11c | Preparation of Monthly Bank Reconciliations | Material Weakness |
| 2016-003 | 11d | Inadequate Monitoring of Cash Balances | Material Weakness |
| 2016-004 | 11e | Controls Over Institute Fund Expenditures | Noncompliance/ Material Weakness |
| <i>PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i> | | | |
| 2015-002 | 13 | Controls Over Grant Compliance | Noncompliance/ Significant Deficiency |
| 2015-004 | 13 | Controls Over Cash Balances | Material Weakness |
| 2015-005 | 13 | Controls Over Preparation of Journal Entries | Significant Deficiency |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2016

EXIT CONFERENCE

An informal exit conference was held with the management of Regional Office of Education #20 on January 26, 2017. The findings and recommendations in this report were discussed with management of the Regional Office of Education #20 at various informal meetings. Regional Office of Education #20's responses to the recommendations and corrective action plans were provided by Debbie Moore, Chief Fiscal Officer, in an email dated June 9, 2017.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2016

The audit of the accompanying basic financial statements of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14a-14f, and the Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Teacher's Retirement System of the State of Illinois, Schedule of Employer Contributions - Illinois Municipal Retirement Fund, and Schedule of Changes in the Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund, and the Other Post Employment Benefits - Schedule of Funding Progress on pages 58 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Disbursements to School District Treasurers and Other Entities, 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 July 5, 2017, on our consideration of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
July 5, 2017

DOEHRING, WINDERS & Co. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements, and have issued our report thereon dated July 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control. Accordingly, we do not express an opinion on the effectiveness of Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2016-001, 2016-002, 2016-003 and 2016-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2016-004.

Regional Office of Education #20's Responses to Findings

Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
July 5, 2017

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness identified? | Yes |
| • Significant deficiency identified? | None reported |
| • Noncompliance material to financial statements noted? | No |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section II - Financial Statement Findings

2016-001 Controls Over Financial Statement Preparation (Repeat of Finding 15-001, 14-002, 13-002, 12-02 and 11-02)

Criteria/specific requirement:

The Regional Office of Education #20 (ROE) 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's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and non-major 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 #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office's financial information prepared by the ROE, auditors noted the ROE's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll, and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. In addition, the ROE did not have adequate controls to record and report net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by ROE management.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

**2016-001 Controls Over Financial Statement Preparation (Repeat of Finding 15-001, 14-002,
13-002, 12-02 and 11-02) (Continued)**

Effect:

The Regional Office of Education #20's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

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

Recommendation:

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

Management's Response:

The Regional Office accepts the auditor's recommendation. The Regional Office is currently working with other Regional Offices of Education for professional development and necessary training to ensure that the proper employees possess the knowledge required to compile the necessary GAAP based financial statements.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

2016-002 Preparation of Monthly Bank Reconciliations (Partial Repeat of Finding 15-003 and 14-005)

Criteria/specific requirement:

As a basic cash management procedure, the Regional Office should be preparing bank reconciliations for each of its cash accounts on a monthly basis. This procedure should be incorporated as a part of the monthly closing procedures.

Condition:

During the fiscal year, the Regional Office prepared bank reconciliations for each of its accounts on a monthly basis, but the reconciled balance was not being compared to the general ledger balance. On the bank reconciliation for the month ended June 30, 2016, we noted a difference of \$24,785 between the reconciled balance per the bank reconciliation and the actual cash balances per the Regional Office's general ledger. The Regional Office determined the difference was due to mistakes made with journal entries and adjustments were made to the balances reported in these financial statements to correct the difference.

Effect:

By not reconciling the bank account balances to the actual cash balances per the general ledger, the Regional Office did not prevent or detect and correct material errors timely.

Cause:

The Regional Office does not have sufficient internal controls over their monthly financial closing process.

Recommendation:

The Regional Office should amend its internal control processes over the monthly bank reconciliations to ensure the reconciled balance per the bank reconciliation agrees to the cash balances per the general ledger.

Management's Response:

The Regional Office accepts the auditor's recommendation. The Regional Office is now reconciling the monthly bank statement with the cash balances per the general ledger. This ensures accuracy of all entries made into the computer system, is done on a monthly basis, and reviewed by an individual that did not take part in the monthly bank reconciliation process.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

2016-003 Inadequate Monitoring of Cash Balances

Criteria/specific requirement:

The Regional Office should monitor the cash balance of each fund on a periodic basis to determine the balances are reasonable in relation to the activity of the fund.

Condition:

- Near the beginning of each fiscal year, the Regional Office requests short-term funding from the school districts within the region to reduce the Regional Office's need to obtain financing from a bank while they are waiting for reimbursements and other funding from the State of Illinois. Near the conclusion of each fiscal year, the Regional Office remits the funding back to the respective school districts. During fiscal year 2015, the Regional Office remitted \$32,900 to two school districts that did not provide funding to it at the beginning of the fiscal year. As of June 30, 2016, \$25,900 was still receivable from one school district and resulted in a negative cash balance on the Regional Office's general ledger.
- The Regional Office receives funding from the Illinois State Board of Education which is deposited in the Ohio and Wabash Valley Special Education District (District) agency fund. After the deposit is made, the funding is intended to be disbursed to the District shortly thereafter. However, the Regional Office received \$10,000 in June 2015 that had still not been disbursed as of June 30, 2016, resulting in a \$10,000 cash balance in this fund.

Effect:

Inadequate monitoring of cash balances resulted in material errors that were not prevented or detected and corrected in a timely manner.

Cause:

The Regional Office did not adequately monitor cash balances, and these errors occurred during a period of transitioning to new accounting staff.

Recommendation:

The Regional Office should monitor cash balances to ensure they coincide with the intended activity of the fund they are recorded in and should monitor all disbursements to ensure they are only made to satisfy an actual liability or other obligation.

Management's Response:

The Regional Office accepts the auditor's recommendation. The Regional Office is now monitoring cash balances on a semi-monthly to monthly basis to ensure the intended balances of the fund. Monies due from the one school district for fiscal year 2015 were recovered in January 2017.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

2016-004 Controls Over Institute Fund Expenditures

Criteria/specific requirement:

The Illinois School Code 105 ILCS 5/3-12 states that all certificate license fees and a portion of renewal and duplicate fees shall be used by the Regional Superintendent to defray expenses associated with the work of the regional professional development review committees; to defray expenses connected with improving technology necessary for the efficient processing of licenses; to defray all costs associated with the administration of teaching licenses; and to defray expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel of the region, which has been approved by the Regional Superintendent.

Condition:

The Regional Office made interfund loans totaling \$37,912 from the Institute Fund to other funds. Loaning of Institute Fund cash to cover cash deficits in other funds is not a statutorily approved use of Institute funds.

Effect:

The Regional Office was not in compliance with Article 3 of the Illinois School Code (105 ILCS 5/3-12).

Cause:

The Regional Office does not record interfund lending activity internally and also did not monitor the cash balance in each of its funds to determine if restricted cash was used for unallowable purposes.

Recommendation:

The Regional Office should ensure that funds generated from license, renewal, and duplicate fees are expended in accordance with the Illinois School Code 105 ILCS 5/3-12.

Management's Response:

The Regional Office accepts the auditor's recommendation. Due to this oversight, the Regional Office is monitoring funds on a monthly/semi-monthly basis to ensure fees are expended in accordance with Illinois School Code. A line of credit has been approved and is on file in order to prevent inter-fund loans from restricted funds.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-001 - Controls Over Financial Statement Preparation (Repeat of Finding 15-001, 14-002, 13-002, 12-02 and 11-02)

Condition:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office's financial information prepared by the ROE, auditors noted the ROE's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll, and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. In addition, the ROE did not have adequate controls to record and report net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by ROE management.

Plan:

The Regional Office is currently working with other Regional Offices of Education for professional development and necessary training to ensure that the proper employees possess the knowledge required to compile the necessary GAAP based financial statements.

Anticipated Date of Completion:

In process

Contact Person:

Lawrence Fillingim, Regional Superintendent

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-002 - Preparation of Monthly Bank Reconciliations (Partial Repeat of Finding 15-003 and 14-005)

Condition:

During the fiscal year, the Regional Office prepared bank reconciliations for each of its accounts on a monthly basis, but the reconciled balance was not being compared to the general ledger balance. On the bank reconciliation for the month ended June 30, 2016, we noted a difference of \$24,785 between the reconciled balance per the bank reconciliation and the actual cash balances per the Regional Office's general ledger. The Regional Office determined the difference was due to mistakes made with journal entries and adjustments were made to the balances reported in these financial statements to correct the difference.

Plan:

The Regional Office is now reconciling the monthly bank statement with the cash balances per the general ledger. This ensures accuracy of all entries made into the computer system, is done on a monthly basis, and reviewed by an individual that did not take part in the monthly bank reconciliation process.

Anticipated Date of Completion:

Implemented in October 2016

Contact Person:

Lawrence Fillingim, Regional Superintendent

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-003 - Inadequate Monitoring of Cash Balances

Condition:

- Near the beginning of each fiscal year, the Regional Office requests short-term funding from the school districts within the region to reduce the Regional Office's need to obtain financing from a bank while they are waiting for reimbursements and other funding from the State of Illinois. Near the conclusion of each fiscal year, the Regional Office remits the funding back to the respective school districts. During fiscal year 2015, the Regional Office remitted \$32,900 to two school districts that did not provide funding to it at the beginning of the fiscal year. As of June 30, 2016, \$25,900 was still receivable from one school district and resulted in a negative cash balance on the Regional Office's general ledger.
- The Regional Office receives funding from the Illinois State Board of Education which is deposited in the Ohio and Wabash Valley Special Education District (District) agency fund. After the deposit is made, the funding is intended to be disbursed to the District shortly thereafter. However, the Regional Office received \$10,000 in June 2015 that had still not been disbursed as of June 30, 2016, resulting in a \$10,000 cash balance in this fund.

Plan:

The Regional Office is now monitoring cash balances on a semi-monthly to monthly basis to ensure the intended balances of the fund. Monies due from the one school district for fiscal year 2015 were recovered in January 2017.

Anticipated Date of Completion:

Implemented in July 2016

Contact Person:

Lawrence Fillingim, Regional Superintendent

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-004 - Controls Over Institute Fund Expenditures

Condition:

The Regional Office made interfund loans totaling \$37,912 from the Institute Fund to other funds. Loaning of Institute Fund cash to cover cash deficits in other funds is not a statutorily approved use of Institute funds.

Plan:

Due to this oversight, the Regional Office is monitoring funds on a monthly/semi-monthly basis to ensure fees are expended in accordance with Illinois School Code. A line of credit has been approved and is on file in order to prevent inter-fund loans from restricted funds.

Anticipated Date of Completion:

Implemented in April 2017

Contact Person:

Lawrence Fillingim, Regional Superintendent

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2016

| <u>Finding Number</u> | <u>Condition</u> | <u>Current Status</u> |
|------------------------------|---|------------------------------|
| 2015-001 | Controls Over Financial Statement Preparation | Repeated |
| 2015-002 | Controls Over Grant Compliance | Not repeated |
| 2015-003 | Preparation of Monthly Bank Reconciliations | Repeated |
| 2015-004 | Controls Over Cash Balances | Not repeated |
| 2015-005 | Controls Over Preparation of Journal Entries | Not repeated |

MANAGEMENT'S DISCUSSION AND ANALYSIS

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 (ROE #20) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2016 and 2015. We encourage readers to consider this information in conjunction with ROE #20's financial statements which follow.

2016 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$35,646 from \$783,891 in fiscal year 2015 to \$819,537 in fiscal year 2016. General Fund expenditures decreased by \$85,451 from \$785,808 in fiscal year 2015 to \$700,357 in fiscal year 2016. The increase in revenues is due to the Regional Office picking up students from Hamilton County and the decrease in expenses is due to less salaries and benefits expense being recorded in the General Fund.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$531,737 from \$1,468,057 in fiscal year 2015 to \$936,320 in fiscal year 2016. The Special Revenue Fund expenditures decreased by \$543,644 from \$1,454,331 in fiscal year 2015 to \$910,687 in fiscal year 2016. The revenue and expenditure decreases are due to the Harrisburg Project fund being moved to the enterprise fund for fiscal year 2016.

Using This Report

This report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the ROE #20's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE #20 as a whole and present an overall view of the ROE #20's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report ROE #20's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the nonmajor funds.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Reporting the Regional Office as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the ROE #20 as a whole. The Statement of Net Position includes all of the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the ROE #20's net position and how it has changed. Net position (the difference between the assets plus deferred outflows and liabilities plus deferred inflows) are one way to measure the ROE #20's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE #20's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the ROE #20's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the ROE #20's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The ROE #20 established other funds to control and manage money for particular purposes.

The ROE #20 has three kinds of funds:

- Governmental funds account for all of the ROE #20's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the ROE #20's programs. The ROE #20's Governmental Funds include: the General Fund, Education Fund, Institute Fund and other nonmajor special revenue funds.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

- Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE's enterprise funds include the following: Local Workshops Fund, Harrisburg Project and Fingerprinting.

The proprietary funds required 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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Reporting the Regional Office as a Whole (continued)

Fund Financial Statements (continued)

- Fiduciary funds are used to account for assets held by the ROE #20 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2015 totaled \$25,831. At the end of fiscal year 2016, the net position was \$58,200. The analysis that follows provides a summary of the Office's net position as of June 30, 2016 and 2015, for the governmental and business-type activities.

Condensed Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|------------------------------|-------------------------|------------|--------------------------|-----------|--------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Current assets | \$ 133,396 | \$ 168,769 | \$ 88,379 | \$ 27,236 | \$ 221,775 | \$ 196,005 |
| Capital assets | 4,682 | 36,015 | 20,053 | - | 24,735 | 36,015 |
| Total assets | 138,078 | 204,784 | 108,432 | 27,236 | 246,510 | 232,020 |
| Deferred outflows | 358,049 | 164,967 | - | - | 358,049 | 164,967 |
| Current liabilities | 43,373 | 179,830 | - | - | 43,373 | 179,830 |
| Noncurrent liabilities | 496,152 | 181,690 | - | - | 496,152 | 181,690 |
| Total liabilities | 539,525 | 361,520 | - | - | 539,525 | 361,520 |
| Deferred inflows | 6,834 | 9,636 | - | - | 6,834 | 9,636 |
| Net position: | | | | | | |
| Investment in capital assets | 4,682 | 36,015 | 20,053 | - | 24,735 | 36,015 |
| Restricted - other | 79,214 | 98,590 | - | - | 79,214 | 98,590 |
| Unrestricted | (134,128) | (136,010) | 88,379 | 27,236 | (45,749) | (108,774) |
| Total net position | \$ (50,232) | \$ (1,405) | \$ 108,432 | \$ 27,236 | \$ 58,200 | \$ 25,831 |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Government-Wide Financial Analysis (continued)

The Regional Office of Education's net position increased by \$32,369 from fiscal year 2015 to fiscal year 2016. This increase occurred primarily due to an increase in revenues.

Condensed Statement of Activities

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Operating grants and contributions | \$ 908,722 | \$ 1,413,249 | \$ - | \$ - | \$ 908,722 | \$ 1,413,249 |
| Charges for services | - | - | 754,854 | 7,062 | 754,854 | 7,062 |
| General revenues: | | | | | | |
| Local sources | 294,668 | 310,335 | - | - | 294,668 | 310,335 |
| State sources | 320,509 | 290,477 | - | - | 320,509 | 290,477 |
| Investment earnings | 429 | - | - | - | 429 | - |
| On-behalf payments | 369,418 | 364,458 | - | - | 369,418 | 364,458 |
| Loss on disposal of capital assets | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - |
| Total revenues | <u>1,893,746</u> | <u>2,378,519</u> | <u>754,854</u> | <u>7,062</u> | <u>2,648,600</u> | <u>2,385,581</u> |
| Expenses: | | | | | | |
| Program expenses: | | | | | | |
| Salaries and benefits | 792,002 | 1,270,690 | - | - | 792,002 | 1,270,690 |
| Purchased services | 451,629 | 495,530 | - | - | 451,629 | 495,530 |
| Supplies and materials | 61,356 | 82,007 | - | - | 61,356 | 82,007 |
| Payments to other governments | 18,081 | 22,175 | - | - | 18,081 | 22,175 |
| Other objects | 3,974 | 8,069 | - | - | 3,974 | 8,069 |
| Depreciation | 3,358 | 13,755 | - | - | 3,358 | 13,755 |
| Interest expense | 791 | 924 | - | - | 791 | 924 |
| Pension expense | 83,285 | 91,116 | - | - | 83,285 | 91,116 |
| Administrative expenses: | | | | | | |
| On-behalf payments - state | 369,418 | 364,458 | - | - | 369,418 | 364,458 |
| Business-type expenses: | | | | | | |
| Fees for services | - | - | 758,529 | 10,640 | 758,529 | 10,640 |
| Total expenses | <u>1,783,894</u> | <u>2,348,724</u> | <u>758,529</u> | <u>10,640</u> | <u>2,542,423</u> | <u>2,359,364</u> |
| Change in net position | 109,852 | 29,795 | (3,675) | (3,578) | 106,177 | 26,217 |
| Net position - beginning | <u>(160,084)</u> | <u>(31,200)</u> | <u>112,107</u> | <u>30,814</u> | <u>(47,977)</u> | <u>(386)</u> |
| Net position - ending | <u>\$ (50,232)</u> | <u>\$ (1,405)</u> | <u>\$ 108,432</u> | <u>\$ 27,236</u> | <u>\$ 58,200</u> | <u>\$ 25,831</u> |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Governmental Activities

Revenues for governmental activities were \$1,893,746 and expenses were \$1,783,894 for the year ended June 30, 2016. Revenues for governmental activities were \$2,378,519 and expenses were \$2,348,724 for the year ended June 30, 2015. The majority of the decrease in revenues and expenditures is a result of the Harrisburg Project fund being moved to business-type activities for fiscal year 2016.

Business-type Activities

Revenues for business-type activities were \$754,854 and expenses were \$758,529 for the year ended June 30, 2016. Revenues for business-type activities were \$7,062 and expenses were \$10,460 for the year ended June 30, 2015. The increase in revenues and expenses is a result of the Harrisburg Project fund being moved to business-type activities for fiscal year 2016.

Financial Analysis of the Regional Office of Education #20's Funds

As previously noted, the Regional Office of Education #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's Governmental Funds reported combined fund balances of \$76,856 at June 30, 2016 compared to \$(11,061) at June 30, 2015. The increase is a result of an increase in state funding.

Budgetary Highlights

The Regional Office of Education #20 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year that runs from July 1 to June 30. All grant budgets are prepared by the Regional Office of Education #20 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the Regional Office of Education #20 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #20 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2016, Regional Office of Education #20 purchased assets totaling \$5,642 and disposed of an asset with an original cost of \$1,100, resulting in an ending balance of \$403,260. In addition, the Regional Office of Education #20 has adopted a depreciation schedule that reflects the level of the reported net investment in capital assets. More detailed information about capital assets is available in Note 3 of the financial statements.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the ROE #20 was aware of the following circumstances that could affect its financial health in the future:

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Economic Factors and Next Year's Budget (Continued)

- Overall, funding is expected to increase for fiscal year 2017 due to an increase in funding available for the ROE/ISC Operations program.
- Beginning with fiscal year 2017, the two Learning Alternative Branch schools were consolidated into one school located in Norris City.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office of Education #20's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #20 at 512 North Main Street, Harrisburg, Illinois 62946.

BASIC FINANCIAL STATEMENTS

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF NET POSITION

June 30, 2016

| | Primary Government | | Total |
|---------------------------------------|----------------------------|-----------------------------|------------------|
| | Governmental Activities | Business-Type Activities | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 63,713 | \$ - | \$ 63,713 |
| Due from (to) other funds | (88,379) | 88,379 | - |
| Due from other governments | 158,062 | - | 158,062 |
| Total current assets | <u>133,396</u> | <u>88,379</u> | <u>221,775</u> |
| Noncurrent assets: | | | |
| Capital assets, net of depreciation | 4,682 | 20,053 | 24,735 |
| Total noncurrent assets | <u>4,682</u> | <u>20,053</u> | <u>24,735</u> |
| Total assets | <u>138,078</u> | <u>108,432</u> | <u>246,510</u> |
| Deferred outflows of resources | | | |
| Deferred outflows related to pensions | <u>358,049</u> | - | <u>358,049</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 7,217 | - | 7,217 |
| Salary and benefits payable | 34,132 | - | 34,132 |
| Due to other governments | 1,469 | - | 1,469 |
| Unearned revenue | 555 | - | 555 |
| Total current liabilities | <u>43,373</u> | <u>-</u> | <u>43,373</u> |
| Noncurrent liabilities: | | | |
| Liability for compensated absences | 30,425 | - | 30,425 |
| Net OPEB Obligation | 76,893 | - | 76,893 |
| Net pension liability | 388,834 | - | 388,834 |
| Total noncurrent liabilities | <u>496,152</u> | <u>-</u> | <u>496,152</u> |
| Total liabilities | <u>539,525</u> | <u>-</u> | <u>539,525</u> |
| Deferred inflows of resources | | | |
| Deferred inflows related to pensions | <u>6,834</u> | - | <u>6,834</u> |
| Net position | | | |
| Investment in capital assets | 4,682 | 20,053 | 24,735 |
| Restricted - other | 79,214 | - | 79,214 |
| Unrestricted | (134,128) | 88,379 | (45,749) |
| Total net position | <u>\$ (50,232)</u> | <u>\$ 108,432</u> | <u>\$ 58,200</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

| 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 |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Instructional Services: | | | | | | |
| Salaries and benefits | \$ 792,002 | \$ - | \$ 545,680 | \$ (246,322) | \$ - | \$ (246,322) |
| Purchased services | 451,629 | - | 298,074 | (153,555) | - | (153,555) |
| Supplies and materials | 61,356 | - | 17,630 | (43,726) | - | (43,726) |
| Other objects | 3,974 | - | - | (3,974) | - | (3,974) |
| Payments to other governmental units | 18,081 | - | 18,397 | 316 | - | 316 |
| Pension expense | 83,285 | - | 28,941 | (54,344) | - | (54,344) |
| Depreciation | 3,358 | - | - | (3,358) | - | (3,358) |
| Administrative: | | | | | | |
| On-behalf payments - State | 369,418 | - | - | (369,418) | - | (369,418) |
| Total governmental activities | <u>1,783,103</u> | <u>-</u> | <u>908,722</u> | <u>(874,381)</u> | <u>-</u> | <u>(874,381)</u> |
| Business-type activities | | | | | | |
| Fees for services | 758,529 | 754,854 | - | - | (3,675) | (3,675) |
| Total business-type activities | <u>758,529</u> | <u>754,854</u> | <u>-</u> | <u>-</u> | <u>(3,675)</u> | <u>(3,675)</u> |
| Total primary government | <u>\$ 2,541,632</u> | <u>\$ 754,854</u> | <u>\$ 908,722</u> | <u>(874,381)</u> | <u>(3,675)</u> | <u>(878,056)</u> |
| General Revenues: | | | | | | |
| Local sources | | | | 294,668 | - | 294,668 |
| State sources | | | | 320,509 | - | 320,509 |
| On-behalf payments - State | | | | 369,418 | - | 369,418 |
| Interest income | | | | 429 | - | 429 |
| Interest expense | | | | (791) | - | (791) |
| Total general revenues | | | | <u>984,233</u> | <u>-</u> | <u>984,233</u> |
| Change in net position | | | | 109,852 | (3,675) | 106,177 |
| Net position - beginning, restated - See Note 16 | | | | <u>(160,084)</u> | <u>112,107</u> | <u>(47,977)</u> |
| Net position - ending | | | | <u>\$ (50,232)</u> | <u>\$ 108,432</u> | <u>\$ 58,200</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016

| | General Fund | Education Fund | Institute Fund | Other Nonmajor Funds | Eliminations | Total Governmental Funds |
|--|-------------------|-------------------|-------------------|----------------------------|---------------------|--------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ 15,015 | \$ 37,813 | \$ 10,885 | \$ - | \$ 63,713 |
| Due from other funds | 129,306 | - | 37,912 | - | (167,218) | - |
| Due from other governments | 23,250 | 133,338 | - | 1,474 | - | 158,062 |
| Total assets | \$ 152,556 | \$ 148,353 | \$ 75,725 | \$ 12,359 | \$ (167,218) | \$ 221,775 |
| Liabilities | | | | | | |
| Accounts payable | \$ 3,043 | \$ 3,695 | \$ - | \$ 479 | \$ - | \$ 7,217 |
| Salary and benefits payable | 11,899 | 22,233 | - | - | - | 34,132 |
| Due to other funds | 126,805 | 107,265 | - | 21,527 | (167,218) | 88,379 |
| Due to other governments | - | - | 1,469 | - | - | 1,469 |
| Unearned revenue | - | 555 | - | - | - | 555 |
| Total liabilities | 141,747 | 133,748 | 1,469 | 22,006 | (167,218) | 131,752 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue | - | 13,167 | - | - | - | 13,167 |
| Fund balance (deficit) | | | | | | |
| Restricted | - | 14,497 | 74,256 | 11,880 | - | 100,633 |
| Assigned | 114,364 | - | - | - | - | 114,364 |
| Unassigned | (103,555) | (13,059) | - | (21,527) | - | (138,141) |
| Total fund balance (deficit) | 10,809 | 1,438 | 74,256 | (9,647) | - | 76,856 |
| Total liabilities, deferred inflows, and fund balance (deficit) | \$ 152,556 | \$ 148,353 | \$ 75,725 | \$ 12,359 | \$ (167,218) | \$ 221,775 |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

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

June 30, 2016

| | | | |
|---|----|-----------------|------------------|
| Total fund balances - governmental funds | | \$ | 76,856 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | | 4,682 |
| Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds | | | 13,167 |
| 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: | | | |
| IMRF deferred outflows of resources | \$ | 355,441 | |
| TRS deferred outflows of resources | | 2,608 | |
| IMRF deferred inflows of resources | | (2,967) | |
| TRS deferred inflows of resources | | <u>(3,867)</u> | 351,215 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | | |
| Liability for compensated absences | | (30,425) | |
| Net OPEB Obligation | | (76,893) | |
| IMRF net pension liability | | (363,340) | |
| TRS net pension liability | | <u>(25,494)</u> | <u>(496,152)</u> |
| Net position of governmental activities | | \$ | <u>(50,232)</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

| | General Fund | Education Fund | Institute | Other Nonmajor Funds | Eliminations | Total Governmental Funds |
|--|------------------|-------------------|------------------|----------------------------|--------------|--------------------------------|
| Revenues: | | | | | | |
| Local sources | \$ 255,414 | \$ - | \$ 33,270 | \$ 5,984 | \$ - | \$ 294,668 |
| State sources | 319,035 | 437,613 | - | 1,474 | - | 758,122 |
| Federal sources | - | 457,942 | - | - | - | 457,942 |
| On-behalf payments - State | 244,696 | - | - | - | - | 244,696 |
| Interest | 392 | - | 37 | - | - | 429 |
| Total revenues | <u>819,537</u> | <u>895,555</u> | <u>33,307</u> | <u>7,458</u> | <u>-</u> | <u>1,755,857</u> |
| Expenditures: | | | | | | |
| Salaries and benefits | 252,102 | 536,325 | - | 2,207 | - | 790,634 |
| Purchased services | 143,348 | 292,964 | 13,247 | 2,070 | - | 451,629 |
| Supplies and materials | 44,008 | 17,328 | - | 20 | - | 61,356 |
| Other objects | 3,974 | - | - | - | - | 3,974 |
| Payments to other governmental units | - | 18,081 | - | - | - | 18,081 |
| Pension expense | 11,438 | 28,445 | - | - | - | 39,883 |
| On-behalf payments - State | 244,696 | - | - | - | - | 244,696 |
| Debt service: | | | | | | |
| Interest | 791 | - | - | - | - | 791 |
| Total expenditures | <u>700,357</u> | <u>893,143</u> | <u>13,247</u> | <u>4,297</u> | <u>-</u> | <u>1,611,044</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>119,180</u> | <u>2,412</u> | <u>20,060</u> | <u>3,161</u> | <u>-</u> | <u>144,813</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 3,315 | 1,181 | - | - | (4,496) | - |
| Transfers out | (2,175) | (2,321) | - | - | 4,496 | - |
| Total other financing sources (uses) | <u>1,140</u> | <u>(1,140)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 120,320 | 1,272 | 20,060 | 3,161 | - | 144,813 |
| Fund balances - beginning, restated - See Note 16 | (109,511) | 166 | 54,196 | (12,808) | - | (67,957) |
| Fund balances - ending | <u>\$ 10,809</u> | <u>\$ 1,438</u> | <u>\$ 74,256</u> | <u>\$ (9,647)</u> | <u>\$ -</u> | <u>\$ 76,856</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

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

For the Year Ended June 30, 2016

| | | |
|---|------------|------------|
| Net change in fund balances | | \$ 144,813 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| <p>Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.</p> | | |
| Current year unavailable revenue | \$ 13,167 | |
| Prior year unavailable revenue | - | 13,167 |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Depreciation | \$ (3,358) | (3,358) |
| <p>Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p> | | |
| Compensated absences expense | 1,717 | |
| Annual OPEB Cost | (3,085) | |
| Net pension expense | (43,402) | (44,770) |
| Change in net position of governmental activities | | \$ 109,852 |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2016

| | Business-Type Activities - Enterprise Funds | | | | Total |
|-------------------------------------|--|-----------------------|----------------------------|--------------|------------|
| | Local Workshops | Harrisburg Project | Nonmajor Fingerprinting | Eliminations | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due from other funds | 30,817 | 58,108 | - | (546) | 88,379 |
| Due from other governments | - | - | - | - | - |
| Total current assets | 30,817 | 58,108 | - | (546) | 88,379 |
| Noncurrent assets | | | | | |
| Capital assets, net of depreciation | - | 20,053 | - | - | 20,053 |
| Total noncurrent assets | - | 20,053 | - | - | 20,053 |
| Total assets | 30,817 | 78,161 | - | (546) | 108,432 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Due to other funds | - | - | 546 | (546) | - |
| Total current liabilities | - | - | 546 | (546) | - |
| Total liabilities | - | - | 546 | (546) | - |
| Net position | | | | | |
| Net investment in capital assets | - | 20,053 | - | - | 20,053 |
| Unrestricted | 30,817 | 58,108 | (546) | - | 88,379 |
| Total net position | \$ 30,817 | \$ 78,161 | \$ (546) | \$ - | \$ 108,432 |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

For the Year Ended June 30, 2016

| | Business-Type Activities - Enterprise Funds | | | Total |
|--|--|-----------------------|----------------------------|------------|
| | Local Workshops | Harrisburg Project | Nonmajor Fingerprinting | |
| Operating revenues | | | | |
| Charges for services | \$ 13,775 | \$ 735,262 | \$ 5,817 | \$ 754,854 |
| Operating expenses | | | | |
| Salaries and benefits | - | 561,742 | - | 561,742 |
| Purchased services | 4,358 | 84,555 | 4,047 | 92,960 |
| Supplies and materials | 7,846 | 17,185 | - | 25,031 |
| Depreciation expense | - | 13,564 | - | 13,564 |
| Pension expense | - | 65,232 | - | 65,232 |
| Total operating expenses | 12,204 | 742,278 | 4,047 | 758,529 |
| Operating income | 1,571 | (7,016) | 1,770 | (3,675) |
| Change in net position | 1,571 | (7,016) | 1,770 | (3,675) |
| Net position - beginning, restated - See Note 16 | 29,246 | 85,177 | (2,316) | 112,107 |
| Net position - ending | \$ 30,817 | \$ 78,161 | \$ (546) | \$ 108,432 |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2016

| | Business-Type Activities- Enterprise Funds | | | Total |
|--|---|-----------------------|----------------------------|-----------------|
| | Local Workshops | Harrisburg Project | Nonmajor Fingerprinting | |
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 13,775 | \$ 735,262 | \$ 5,817 | \$ 754,854 |
| Payments to suppliers and providers of goods and services | (12,204) | (101,740) | (4,047) | (117,991) |
| Payments to employees | - | (626,974) | - | (626,974) |
| Net cash provided by operating activities | <u>1,571</u> | <u>6,548</u> | <u>1,770</u> | <u>9,889</u> |
| Cash flows from noncapital financing activities | | | | |
| Proceeds from other governments | - | - | - | - |
| Cash payments (to) from other funds | (7,631) | (34,615) | (1,770) | (44,016) |
| Net cash provided by (used for) noncapital financing activities | <u>(7,631)</u> | <u>(34,615)</u> | <u>(1,770)</u> | <u>(44,016)</u> |
| Cash flows from capital and related financing activities | | | | |
| Purchase of equipment | - | (5,642) | - | (5,642) |
| Net cash used for capital and related financing activities | <u>-</u> | <u>(5,642)</u> | <u>-</u> | <u>(5,642)</u> |
| Net decrease in cash and cash equivalents | (6,060) | (33,709) | - | (39,769) |
| Cash and cash equivalents - beginning | <u>6,060</u> | <u>33,709</u> | <u>-</u> | <u>39,769</u> |
| Cash and cash equivalents - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | | |
| Operating income (loss) | \$ 1,571 | \$ (7,016) | \$ 1,770 | \$ (3,675) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | |
| Depreciation | - | 13,564 | - | 13,564 |
| Net cash provided by (used for) operating activities | <u>\$ 1,571</u> | <u>\$ 6,548</u> | <u>\$ 1,770</u> | <u>\$ 9,889</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2016

| | <u>Agency Funds</u> |
|----------------------------|--------------------------|
| Assets | |
| Cash and cash equivalents | \$ 296,067 |
| Due from other governments | <u>32,228</u> |
| Total assets | <u><u>\$ 328,295</u></u> |
| Liabilities | |
| Due to other governments | <u>\$ 328,295</u> |
| Total Liabilities | <u><u>\$ 328,295</u></u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #20 is presented to assist in understanding the Regional Office of Education #20's financial statements. The financial statements and notes are representations of the Regional Office of Education #20's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of Illinois Compiled Statutes, Chapter 105). The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #20 and is elected pursuant to Article 3, Illinois Compiled Statutes, Chapter 105.

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; to evaluate the schools in the region; examine evidence of indebtedness; to 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 #20's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry 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 State Board of Education with an affidavit showing that the treasurers of school districts under her control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

For the period ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. Such activities are reported as a single special revenue fund (Education Fund).

SCOPE OF THE REPORTING ENTITY

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's reporting entity includes all related organizations for which they exercise oversight responsibility. Hamilton County was added to the Regional Office of Education #20 as of July 1, 2015. No assets were received and no liabilities were assumed as a result of adding Hamilton County.

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is not aware of any entity, which would exercise such oversight as to result in the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statement 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 implemented these standards during the current year. The implementation of GASB Statement No. 73 improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENTS (Continued)

decisions and assessing accountability. The implementation of GASB Statement No. 76, reduced the GAAP hierarchy to two categories of authoritative GAAP and addressed the uses of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 72, *Fair Value Measurement and Application*, also became effective for the current year, but this statement had no impact on the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's financial statements.

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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has three business-type activities that rely on fees and charges for support.

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's assets and deferred outflows of resources and liabilities and deferred inflows or 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 operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. 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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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 and 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 modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue received more than 60 days after the end of the current period is deferred in the governmental fund financial statements but is recognized as current revenue in the government-wide financial statements. 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 are reported as deferred inflows of resources in the fund financial statements but are recognized as current revenue in the government-wide financial statements.

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 and liabilities (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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Revenues are recorded when earned and expenses are recorded 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 grantor 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 position) 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 position. 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20; therefore, revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. 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, Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses funds to maintain its financial records during the year. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures or expenses, as appropriate. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses governmental, proprietary, and fiduciary funds.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 plus deferred outflows of resources and liabilities plus 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has presented all major funds that met the above qualifications.

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the Regional Office of Education #20. It is used to account for all financial resources in the Region except those required to be accounted and reported for in another fund. The following accounts are included in the General Fund:

General Budget – This fund is used for the general operation of the Regional Office and to cover expenses that are not paid for by other funds.

Truants Alternative General State Aid – These funds are used to account for the administration of monies to be used for the General State Aid Program.

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

Local Lunch/Breakfast – To account for Local monies received to provide free lunches and breakfasts to eligible needy children.

Payroll – This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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:

ROE/ISC General Operations – This fund accounts for grant monies received and expended for general and administrative expenses.

Federal Special Education – Pre-School Discretionary – This fund is used to account for the monies received from the State (federal dollars) to promote increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

Truants Alternative/Optional Education – This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.

Regional Safe Schools – This fund is used to account for the monies received from the State. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.

Pilot Regional Safe School Cooperative Education Program - This program is used to account for grant monies received for, and payment of expenditures related to providing suspended or expelled youth at the Regional Safe School with alternative cooperative education including classroom work and experience in the private sector.

Title II - Teacher Quality Leadership Grant –To account for monies passed through to the Professional Development Alliance.

Title II - Teacher Quality – This program is used to account for federal grant monies received for, and payment of, expenditures related to providing teachers and principals training in teacher and principal evaluations.

System of Support – This fund is used to account for the monies received from the State (federal dollars) to provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.

McKinney-Vento Education For Homeless Children and Youth – This fund is used to account for the monies received from the State (federal dollars) for assisting school districts in identifying and providing assistance to at-risk students.

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REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

National and State School Breakfast and Lunch – This program is used to account for State and federal grant monies received for, and payment of, expenditures to provide breakfast and lunch to students enrolled at the Regional Safe School Program.

Institute Fund – This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Additionally, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following nonmajor special revenue funds:

Bus Driver/Transportation – This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

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

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional office of Education #20 reports the following major enterprise funds:

Local Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

Harrisburg Project – This fund is used to account for the contract that creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

The Regional Office of Education #20 reports the following nonmajor enterprise fund:

Fingerprinting – This fund accounts for revenues and expenditures associated with fingerprinting conducted by the Regional Office.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Regional Office of Education #20 in a trustee capacity or an agent for individuals, private organizations, other governmental units, and/or other funds.

School Facility Occupation Tax – This fund receives monies from the State Comptroller for the School Facilities Occupation Tax for Hamilton, Saline, and White County school districts. The monies are then forwarded directly to the school districts. The Regional Office of Education #20 has agreements with all entities that receive distributions from this fund to keep all accumulated interest.

Ohio and Wabash Valley Regional Vocational System – This fund receives money for the Ohio and Wabash Valley Regional Vocational System. The Regional Office acts as the fiscal agent and distributes the monies upon receipt.

Eastern Illinois University Cohort – This fund receives money for tuition from teachers who are taking graduate level courses through Eastern Illinois University. The Regional Office remits the money collected to Eastern Illinois University upon receipt of their invoice.

GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has no nonspendable fund balances.

Restricted Fund Balance - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The National School Breakfast and Lunch account's fund balance is restricted by grant agreement or contract. The following accounts' fund balances are restricted by Illinois statute: Institute Fund and Bus Driver/Transportation.

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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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: Truants Alternative General State Aid and Safe Schools State Aid.

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REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts' fund balances are unassigned: General Budget, Truants Alternative/Optional Education, Regional Safe School, McKinney-Vento Education for Homeless Children and Youth, and General Education Development.

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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 the Illinois State Board of Education or other granting authority; however, none of the annual 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: ROE/ISC General Operations, Federal Special Education - Pre-School Discretionary, Truants Alternative/Optional Education, Regional Safe Schools, Pilot Regional Safe Schools Cooperative Education Program, Title II Teacher Quality Leadership Grant, Title II - Teacher Quality, System of Support, and McKinney-Vento Education for Homeless Children and Youth.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

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. Contributed assets are reported at fair market 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|---------------|
| Office Equipment and Furniture | 5 - 10 years |
| Computer Equipment | 3 - 5 years |
| Building Improvements | 10 - 20 years |

COMPENSATED ABSENCES

Employees of the Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as an employee retires or resigns. Accrued but unused vacation time in the amount of \$30,425 is included on the government-wide financial statements at June 30, 2016.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

UNEARNED REVENUE

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds are received in advance of expenditure.

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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net position or fund balances that relate to future periods are reported as deferred outflows of resources. Increases in net position or fund balances that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Regional Office reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year.

2 DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

BANK DEPOSITS

At June 30, 2016, the carrying amount of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide and agency fund deposits were \$63,713 and \$296,067, respectively. The government-wide and agency fund bank balances were \$288,740 and \$296,067, respectively. Of the total bank balances as of June 30, 2016, \$251,000 was secured by federal depository insurance, \$37,795 was invested in Illinois Funds Money Market Fund, \$296,012 was collateralized by securities pledged by the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's financial institution in the name of the Regional Office.

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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's investment policy requires 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

2 DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2016, the Regional Office of Education #20 had investments with carrying and fair values of \$37,795 invested in the Illinois Funds Money Market Fund. This amount is included in cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision 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 Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

CONCENTRATION OF CREDIT RISK

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

3 CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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, 2016:

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 CAPITAL ASSETS (Continued)

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---|-------------------------|-------------------|-------------|--------------------------|
| Governmental activities | | | | |
| Capital assets being depreciated | | | | |
| Improvements other than buildings | \$ 5,187 | \$ - | \$ - | \$ 5,187 |
| Machinery and Equipment | 164,982 | - | 1,100 | 163,882 |
| Governmental activities total assets | 170,169 | - | 1,100 | 169,069 |
| Improvements other than buildings | 5,187 | - | - | 5,187 |
| Machinery and Equipment | 156,942 | 3,358 | 1,100 | 159,200 |
| Less accumulated depreciation | 162,129 | 3,358 | 1,100 | 164,387 |
| Governmental activities investment in capital assets, net | <u>\$ 8,040</u> | <u>\$ (3,358)</u> | <u>\$ -</u> | <u>\$ 4,682</u> |
| Business-type activities | | | | |
| Capital assets being depreciated | | | | |
| Improvements other than buildings | \$ 5,432 | \$ - | \$ - | \$ 5,432 |
| Machinery and Equipment | 223,117 | 5,642 | - | 228,759 |
| Business-type activities total assets | 228,549 | 5,642 | - | 234,191 |
| Improvements other than buildings | 3,861 | 325 | - | 4,186 |
| Machinery and Equipment | 196,713 | 13,239 | - | 209,952 |
| Less accumulated depreciation | 200,574 | 13,564 | - | 214,138 |
| Business-type activities investment in capital assets, net | <u>\$ 27,975</u> | <u>\$ (7,922)</u> | <u>\$ -</u> | <u>\$ 20,053</u> |

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, 2016 of \$3,358 and \$13,564 was charged to governmental activities 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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

EMPLOYEES COVERED BY BENEFIT TERMS

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

| | IMRF |
|--|-----------|
| Retirees and Beneficiaries currently receiving benefits | 23 |
| Inactive Plan Members entitled to but not yet receiving benefits | 32 |
| Active Plan Members | 19 |
| Total | <u>74</u> |

CONTRIBUTIONS

As set by statute, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's annual contribution rate for calendar year 2015 was 12.84%. For the calendar year ended December 31, 2015, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 contributed \$100,242 to the plan. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 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%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

- 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, 2015:

| Asset Class | Portfolio Target Percentage | Long-Term Expected Real Rate of Return |
|-------------------------|-----------------------------------|---|
| Domestic Equity | 38% | 7.39% |
| International Equity | 17% | 7.59% |
| Fixed Income | 27% | 3.00% |
| Real Estate | 8% | 6.00% |
| Alternative Investments | 9% | 2.75-8.15% |
| Cash Equivalents | 1% | 2.25% |
| Total | 100% | |

SINGLE DISCOUNT RATE

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

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

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

CHANGES IN THE NET PENSION LIABILITY (ASSET)

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (Asset) (A) - (B) |
|--|--------------------------------------|---------------------------------------|---|
| Balances at December 31, 2014 | \$ 3,923,697 | \$ 3,799,359 | \$ 124,338 |
| Changes for the year: | | | |
| Service Cost | 81,936 | - | 81,936 |
| Interest on the Total Pension Liability | 292,151 | - | 292,151 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | 9,625 | - | 9,625 |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 100,242 | (100,242) |
| Contributions - Employees | - | 49,922 | (49,922) |
| Net Investment Income | - | (6,347) | 6,347 |
| Benefit Payments, including Refunds of Employee Contributions | (148,832) | (148,832) | - |
| Other (Net Transfer) | - | 893 | (893) |
| Net Changes | <u>234,880</u> | <u>(4,122)</u> | <u>239,002</u> |
| Balances at December 31, 2015 | <u>\$ 4,158,577</u> | <u>\$ 3,795,237</u> | <u>\$ 363,340</u> |

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

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

| | 1% Lower (6.50%) | Current Discount (7.50%) | 1% Higher (8.50%) |
|-------------------------------|---------------------|--------------------------------|----------------------|
| Net Pension Liability (Asset) | \$ 987,166 | \$ 363,340 | \$ (116,119) |

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized pension expense of \$146,911. At June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | | |
| Differences between expected and actuarial experience | \$ 6,331 | \$ 2,967 |
| Changes of assumptions | 34,121 | - |
| Net difference between projected and actual earnings on pension plan investments | 263,344 | - |
| Total Deferred Amounts to be Recognized in Pension Expense in Future Periods | 303,796 | 2,967 |
| <i>Pension contributions made subsequent to the measurement date</i> | | |
| | 51,645 | - |
| Total Deferred Amounts Related to Pensions | \$ 355,441 | \$ 2,967 |

\$51,645 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 ending June 30, 2017.

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 Ending December 31 | Net Deferred Outflows of Resources |
|----------------------------|--|
| 2016 | \$ 103,019 |
| 2017 | 71,608 |
| 2018 | 68,570 |
| 2019 | 57,632 |
| 2020 | - |
| Thereafter | - |
| Total | \$ 300,829 |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

BENEFITS PROVIDED

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system services prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. For the year ended June 30, 2016, the State of Illinois contributions recognized by the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 were based on the State's proportionate share of collective net pension liability associated with the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, and the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of \$124,722 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 ending June 30, 2016 were \$1,741 and are deferred because they were paid after the June 30, 2015 measurement date.

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS

When TRS members are paid from federal and special trust funds administered by the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, there is a statutory requirement for the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, no salaries were paid from federal and special trust funds therefore there were no required employer contributions.

EMPLOYER RETIREMENT COST CONTRIBUTIONS

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer contributions under the ERO program.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$2,583 to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

| | | |
|---|----|------------------|
| Employers proportionate share of the net pension liability | \$ | 25,494 |
| State's proportionate share of the net pension liability associated with the employer | | <u>1,522,326</u> |
| | \$ | <u>1,547,820</u> |

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportion of the net pension liability was based on the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportion was 0.0000389162 percent, which was a decrease of 0.0000025076 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized pension expense of \$124,722 and revenue of \$124,722 for support provided by the State. For the year ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized pension expense of \$1,190. At June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 9 | \$ 28 |
| Net difference between projected and actual earnings on pension plan investments | 505 | 893 |
| Changes of assumptions | 353 | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | - | 2,946 |
| Employer contributions subsequent to the measurement date | 1,741 | - |
| | \$ 2,608 | \$ 3,867 |

\$1,741 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 as a reduction of their net pension liabilities in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|------------|
| 2017 | \$ (946) |
| 2018 | (946) |
| 2019 | (946) |
| 2020 | (162) |
| | \$ (3,000) |

ACTUARIAL ASSUMPTIONS

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

| | |
|----------------------------|---|
| Inflation: | 3.00 percent |
| Salary increase: | Varies by amount of service credit |
| Investment rate of return: | 7.50 percent, 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.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.50 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.00 percent to 7.50 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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

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

DISCOUNT RATE

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

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

SENSITIVITY OF THE REGIONAL OFFICE OF EDUCATION #20'S PROPORTIONATE SHARE OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

| | 1% Decrease (6.47%) | Current Discount Rate (7.47%) | 1% Increase (8.47%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share of the net pension liability | \$ 31,504 | \$ 25,494 | \$ 20,565 |

TRS FIDUCIARY NET POSITION

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

6 TEACHER'S HEALTH INSURANCE SECURITY FUND

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

6 TEACHER'S HEALTH INSURANCE SECURITY FUND (Continued)

ON BEHALF CONTRIBUTIONS TO THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$3,211, and the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014, were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of the Regional Office of Education employees were \$2,605 and \$2,103, respectively.

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also makes contributions to the THIS Fund. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's THIS Fund contribution was 0.80 percent during the year ended June 30, 2016, and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$2,401 to the THIS Fund. For the years ended June 30, 2015 and June 30, 2014, the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$1,941 and \$1,561, respectively, which was 100 percent of the required contribution.

FURTHER INFORMATION ON 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 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

7 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2016 consist of the following individual due to/from other funds in the Governmental Funds - Balance Sheet and the Statement of Net Position - Proprietary Funds. The balances between governmental funds and the balances between proprietary funds were eliminated for the government-wide Statement of Net Position. The balances between governmental and business-type activities were not eliminated in the government-wide Statement of Net Position.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

7 INTERFUND ACTIVITY (Continued)

| Fund | Due from Other Funds | Due to Other Funds |
|----------------------|-------------------------|-----------------------|
| General Fund | \$ 129,306 | \$ 126,805 |
| Education Fund | - | 107,265 |
| Institute Fund | 37,912 | - |
| Other Nonmajor Funds | - | 21,527 |
| Proprietary Fund | 88,925 | 546 |
| Total | \$ 256,143 | \$ 256,143 |

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2016 consist of the following individual transfers in/out to other funds in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

| Fund | Transfer In | Transfer Out |
|----------------|-------------|--------------|
| General Fund | \$ 3,315 | \$ 2,175 |
| Education Fund | 1,181 | 2,321 |
| Total | \$ 4,496 | \$ 4,496 |

8 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows of Resources – Deferred outflows of resources in the Statement of Net Position 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 in the Governmental Funds Balance Sheet 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 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 expense in future years.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

9 RISK MANAGEMENT

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 disasters. The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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.

10 OPERATING LEASES

The Regional Office of Education #20 leases its office facilities. The lease term is from August 1, 2015 to July 31, 2017. The monthly rental payments are \$2,410 under the lease. The rental payments under this lease are contingent upon sufficient funding from the Illinois State Board of Education and other funding sources. The Regional Office of Education #20 is responsible for all utility bills and trash removal.

The Regional Office of Education #20 leased office space for an Alternative School in Harrisburg, Illinois. The lease term was from August 1, 2015 through July 31, 2016. The lease was not renewed upon expiration of term and the Regional Office of Education ceased occupying this space. The monthly rental payments under the lease were \$1,550 per month.

The Regional Office of Education #20 leased office space for an Alternative School in Mill Shoals, Illinois. The lease term was from July 1, 2015 through June 30, 2016. The lease was not renewed upon expiration of term and the Regional Office of Education ceased occupying this space. The monthly rental payments under the lease were \$500 per month.

During the year ended June 30, 2016, rentals under lease obligations were \$53,520.

11 ON BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20:

| | | |
|---|----|----------------|
| Regional Superintendent Salary | \$ | 107,208 |
| Regional Superintendent Fringe Benefit (Includes State paid insurance) | | 35,290 |
| Assistant Regional Superintendent Salary | | 97,572 |
| Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance) | | 1,415 |
| THIS Contributions | | <u>3,211</u> |
| Total | \$ | <u>244,696</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

11 ON BEHALF PAYMENTS (Continued)

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also recorded \$124,722 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 Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

| | | |
|--|----|------------|
| State of Illinois on behalf payments | \$ | 244,696 |
| ROE #20's share of TRS pension expense | | 124,722 |
| Total | | \$ 369,418 |

12 LINE OF CREDIT

The Regional Office of Education #20 has a line of credit for \$113,000, which carries an interest rate of 3.50 percent, matures on June 29, 2017, and is secured by certain assets and receipts. As of June 30, 2016, no amounts were drawn on the line of credit.

13 DUE TO/FROM OTHER GOVERNMENTS

The Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's General Fund, Education Fund, Institute Fund, Nonmajor Special Revenue Funds, and Agency Fund have balances due from/to various other governmental units which consist of the following:

Due from Other Governments

| | | |
|---|----|------------|
| <u>General Fund</u> | | |
| School Districts | \$ | 23,250 |
| <u>Education Fund</u> | | |
| Illinois State Board of Education | | 109,723 |
| Other Regional Offices of Education | | 23,615 |
| <u>Nonmajor Special Revenue Funds</u> | | |
| Illinois State Board of Education | | 1,474 |
| <u>Agency Fund</u> | | |
| Illinois State Board of Education | | 32,228 |
| | | \$ 190,290 |

Due to Other Governments

| | | |
|-----------------------------|----|------------|
| <u>Institute Fund</u> | | |
| School Districts | \$ | 1,469 |
| <u>Agency Fund</u> | | |
| School Districts | | 313,647 |
| Eastern Illinois University | | 14,648 |
| | | \$ 329,764 |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OTHER POST EMPLOYMENT BENEFITS

PLAN DESCRIPTION

In addition to providing the pension benefits described, the Regional Office of Education #20 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Regional Office of Education #20 and can be amended by the Regional Office of Education #20 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund since an irrevocable trust has not been established by the Regional Office of Education #20. The plan does not issue a separate report.

BENEFITS PROVIDED

The Regional Office of Education #20 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Regional Office of Education #20 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Regional Office of Education #20 insurance provider.

MEMBERSHIP

At June 30, 2016 membership consisted of:

| | |
|--|----|
| Retirees and beneficiaries currently receiving benefits | - |
| Terminated employees entitled to benefits but not yet receiving them | - |
| Active employees | 24 |
| Active nonvested plan members | - |
| Total | 24 |
| Number of participating employers | 1 |

FUNDING POLICY

The Regional Office of Education #20 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The Regional Office of Education #20 had an actuarial valuation performed for the plan as of June 30, 2015 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2016. The Regional Office of Education #20's annual OPEB cost (expense) was \$3,085 and the ARC was \$3,066 for the fiscal year ended June 30, 2016. The Regional Office of Education #20's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2016, 2015 and 2014 was as follows:

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OTHER POST EMPLOYMENT BENEFITS (Continued)

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|---------------------------|--|------------------------|
| June 30, 2016 | \$ 3,085 | \$ - | 0% | \$ 76,893 |
| June 30, 2015 | 3,085 | - | 0% | 73,808 |
| June 30, 2014 | 18,887 | - | 0% | 70,723 |

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

| | |
|--|-------------------------|
| Annual Required Contribution | \$ 3,066 |
| Interest on Net OPEB Obligation | 2,829 |
| Adjustment to Annual Required Contribution | <u>(2,810)</u> |
| Annual OPEB Cost | 3,085 |
| Contributions Made | <u>-</u> |
| Increase in Net OPEB Obligation | 3,085 |
| Net OPEB Obligation - Beginning of year | <u>73,808</u> |
| Net OPEB Obligation - End of Year | <u><u>\$ 76,893</u></u> |

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan was as follows:

| | Fiscal Year 2016 |
|---|---------------------|
| Actuarial Accrued Liability (AAL) | \$ 28,293 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 28,293 |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0% |
| Covered Payroll (Active Plan Members) | \$ 1,054,650 |
| UAAL as a Percentage of Covered Payroll | 2.68% |

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 5.0 % to 9.0%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Regional Office of Education #20 has not advance funded its obligation. The plan’s unfunded actuarial accrued liability is being amortized using a level percent of pay based on an open group. The remaining amortization period at June 30, 2016 was 30 years.

15 DEFICIT FUND BALANCES

The following funds are presenting deficit fund balances.

| Funds with Deficit Fund Balances | Deficit Balance |
|--|-----------------|
| General Budget | \$ 103,555 |
| Truants Alternative/Optional Education | 9,700 |
| Regional Safe Schools | 3,246 |
| McKinney-Vento Education for Homeless Children and Youth | 113 |
| General Education Development | 21,527 |
| | \$ 138,141 |

16 RESTATEMENT

For the year ended June 30, 2015, the Regional Office of Education #20 reported the Harrisburg Project fund as a special revenue fund within the governmental funds. For the year ended June 30, 2016, the Regional Office of Education is reporting the Harrisburg Project fund as an enterprise fund within the business-type activities. As a result of this change, the opening fund balance for governmental funds was decreased by \$57,202, and the opening net position for business-type activities was increased by \$57,202.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

16 RESTATEMENT (Continued)

As a result of the above mentioned change, the net investment in capital assets of \$27,975 previously reported in the governmental activities column of the Statement of Net Position at June 30, 2015, has been restated to be reported within the business-type activities.

During 2016, the Regional Office of Education #20 determined the activity of the Lab School Reservations fund, which was previously reported as an enterprise fund, was not a business-type activity as defined by GASB Statement No. 34, *Basics Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Regional Office of Education determined this activity should be reported in the General Fund, and net position of \$306 reported in the Lab School Reservations fund at June 30, 2015 has been restated to be reported in the General Fund.

During 2016, the Regional Office of Education #20 determined that a liability for a net Other Post-Employment Benefits (OPEB) obligation of \$73,808 should have been reported in the governmental activities column of the Statement of Net Position at June 30, 2015. To correct this error, the liability at June 30, 2015 has been recognized by reducing the opening net position of governmental activities by \$73,808.

A summary of the changes described above is presented below.

| | Net Position Governmental Activities | Net Position Business-Type Activities | Fund Balance Governmental Funds |
|---|--|---|---------------------------------------|
| Net position/fund balance June 30, 2015, as previously reported | \$ (1,405) | \$ 27,236 | \$ (11,061) |
| Report equity of Harrisburg Project in business-type activities | (57,202) | 57,202 | (57,202) |
| Report net investment in capital assets of Harrisburg Project in business-type activities | (27,975) | 27,975 | - |
| Report equity of Lab School Reservations fund in governmental activities | 306 | (306) | 306 |
| Recognize June 30, 2015 net OPEB obligation | (73,808) | - | - |
| Net position/fund balance June 30, 2015, restated | <u>\$ (160,084)</u> | <u>\$ 112,107</u> | <u>\$ (67,957)</u> |

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

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30,

| | 2015* | 2014* |
|---|---------------|---------------|
| Employer's proportion of the net pension liability | 0.0000389162% | 0.0000414238% |
| Employer's proportionate share of the net pension liability | \$ 25,494 | \$ 25,210 |
| State's proportionate share of the net pension liability associated with the employer | 1,522,326 | 1,572,108 |
| Total | \$ 1,547,820 | \$ 1,597,318 |
| Employer's covered-employee payroll | \$ 255,371 | \$ 216,798 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 10.0% | 11.6% |
| Plan fiduciary net position as a percentage of the total pension liability | 41.5% | 43.0% |

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30,

| | 2016 | 2015 | 2014 |
|--|------------|------------|------------|
| Contractually-required contribution | \$ 1,741 | \$ 1,481 | \$ 1,257 |
| Contributions in relation to the contractually-required contribution | 1,741 | 1,442 | 1,361 |
| Contribution deficiency (excess) | \$ - | \$ 39 | \$ (104) |
| Employer's covered-employee payroll | \$ 300,125 | \$ 255,371 | \$ 216,798 |
| Contributions as a percentage of covered-employee payroll | 0.6% | 0.6% | 0.6% |

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

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2015 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.00 percent and real return of 4.50 percent, and salary increases of 5.75 percent.

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund

| Calendar Year Ended December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Valuation Payroll | Actual Contribution as a Percentage of Covered Valuation Payroll |
|---|---|------------------------|--|---------------------------------|---|
| 2015 | \$ 100,210 | \$ 100,210 | \$ - | \$ 780,450 | 12.84% |
| 2014 | 105,178 | 111,102 | (5,924) | 747,000 | 14.87% |

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 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> | 28-year closed period |
| <i>Asset Valuation Method:</i> | 5-year smoothed market; 20% corridor |
| <i>Wage Growth:</i> | 4% |
| <i>Price Inflation:</i> | 3%, approximate; No explicit price inflation assumption is used in this valuation. |
| <i>Salary Increases:</i> | 4.40% to 16%, including inflation |
| <i>Investment Rate of Return:</i> | 7.5% |
| <i>Retirement Age:</i> | Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010. |
| <i>Mortality:</i> | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years. |

Other Information:

Notes: There were no benefit changes during the year.

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

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

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
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REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
Illinois Municipal Retirement Fund

| Calendar Year Ended December 31, | 2015 | 2014 |
|--|--------------|--------------|
| Total Pension Liability | | |
| Service Cost | \$ 81,936 | \$ 86,511 |
| Interest on the Total Pension Liability | 292,151 | 269,254 |
| Changes of Benefit Terms | - | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | 9,625 | (9,363) |
| Changes of Assumptions | - | 107,697 |
| Benefit Payments, including Refunds of Employee Contributions | (148,832) | (150,380) |
| Net Change in Total Pension Liability | 234,880 | 303,719 |
| Total Pension Liability - Beginning | 3,923,697 | 3,619,978 |
| Total Pension Liability - Ending (A) | \$ 4,158,577 | \$ 3,923,697 |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 100,242 | \$ 111,102 |
| Contributions - Employees | 49,922 | 44,816 |
| Net Investment Income | (6,347) | 212,491 |
| Benefit Payments, including Refunds of Employee Contributions | (148,832) | (150,380) |
| Other (Net Transfer) | 893 | (2,806) |
| Net Change in Plan Fiduciary Net Position | (4,122) | 215,223 |
| Plan Fiduciary Net Position - Beginning | 3,799,359 | 3,584,136 |
| Plan Fiduciary Net Position - Ending (B) | \$ 3,795,237 | \$ 3,799,359 |
| Net Pension Liability - Ending (A) - (B) | \$ 363,340 | \$ 124,338 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 91.26% | 96.83% |
| Covered Valuation Payroll | \$ 780,450 | \$ 747,000 |
| Net Pension Liability as a Percentage of Covered Valuation Payroll | 46.56% | 16.64% |

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.

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)

JUNE 30, 2016

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 2016 | 7/1/14 | \$ - | \$ 28,293 | \$ 28,293 | 0.00% | \$ 1,110,747 | 2.55% |
| 2015 | 7/1/14 | - | 28,293 | 28,293 | 0.00% | 1,054,650 | 2.68% |
| 2014 | 7/1/13 | - | 153,517 | 153,517 | 0.00% | 1,045,734 | 14.68% |
| 2013 | 7/1/12 | - | 125,602 | 125,602 | 0.00% | 1,015,276 | 12.37% |

See accompanying Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2016

| | General Budget | Truants Alternative General State Aid | Safe Schools State Aid | Local Lunch/ Breakfast | Payroll | Total |
|--|-------------------|--|---------------------------|------------------------------|-------------|-------------------|
| Assets | | | | | | |
| Due from other funds | \$ - | \$ 108,433 | \$ 20,873 | \$ - | \$ - | \$ 129,306 |
| Due from other governments | 23,250 | - | - | - | - | 23,250 |
| Total assets | \$ 23,250 | \$ 108,433 | \$ 20,873 | \$ - | \$ - | \$ 152,556 |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ 3,043 | \$ - | \$ - | \$ - | \$ 3,043 |
| Salary and benefits payable | - | 6,757 | 5,142 | - | - | 11,899 |
| Due to other funds | 126,805 | - | - | - | - | 126,805 |
| Total liabilities | 126,805 | 9,800 | 5,142 | - | - | 141,747 |
| Fund balance | | | | | | |
| Assigned | - | 98,633 | 15,731 | - | - | 114,364 |
| Unassigned | (103,555) | - | - | - | - | (103,555) |
| Total fund balance | (103,555) | 98,633 | 15,731 | - | - | 10,809 |
| Total liabilities, deferred inflows, and fund balance | \$ 23,250 | \$ 108,433 | \$ 20,873 | \$ - | \$ - | \$ 152,556 |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2016

| | General Budget | Truants Alternative General State Aid | Safe Schools State Aid | Local Lunch/ Breakfast | Payroll | Total |
|--|---------------------|--|---------------------------|------------------------------|----------------|------------------|
| Revenues | | | | | | |
| Local sources | \$ 224,298 | \$ 31,116 | \$ - | \$ - | \$ - | \$ 255,414 |
| State sources | - | 174,892 | 144,143 | - | - | 319,035 |
| On-behalf payments - State | 244,696 | - | - | - | - | 244,696 |
| Interest | 392 | - | - | - | - | 392 |
| Total revenues | <u>469,386</u> | <u>206,008</u> | <u>144,143</u> | <u>-</u> | <u>-</u> | <u>819,537</u> |
| Expenditures | | | | | | |
| Salaries and benefits | 70,647 | 96,057 | 85,398 | - | - | 252,102 |
| Purchased services | 88,000 | 36,726 | 18,622 | - | - | 143,348 |
| Supplies and materials | 352 | 36,128 | 7,528 | - | - | 44,008 |
| Other objects | 3,974 | - | - | - | - | 3,974 |
| Pension expense | 10,375 | 359 | 704 | - | - | 11,438 |
| On-behalf payments - State | 244,696 | - | - | - | - | 244,696 |
| Debt service: | | | | | | |
| Interest | 791 | - | - | - | - | 791 |
| Total expenditures | <u>418,835</u> | <u>169,270</u> | <u>112,252</u> | <u>-</u> | <u>-</u> | <u>700,357</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>50,551</u> | <u>36,738</u> | <u>31,891</u> | <u>-</u> | <u>-</u> | <u>119,180</u> |
| Other financing sources (uses) | | | | | | |
| Transfers in | 994 | - | - | 2,321 | - | 3,315 |
| Transfers out | - | - | - | - | (2,175) | (2,175) |
| Total other financing sources (uses) | <u>994</u> | <u>-</u> | <u>-</u> | <u>2,321</u> | <u>(2,175)</u> | <u>1,140</u> |
| Net change in fund balance | 51,545 | 36,738 | 31,891 | 2,321 | (2,175) | 120,320 |
| Fund balance - beginning, restated - See Note 16 | <u>(155,100)</u> | <u>61,895</u> | <u>(16,160)</u> | <u>(2,321)</u> | <u>2,175</u> | <u>(109,511)</u> |
| Fund balance - ending | <u>\$ (103,555)</u> | <u>\$ 98,633</u> | <u>\$ 15,731</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,809</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2016

| | ROE/ISC General Operations | Federal Special Education - Pre-School Discretionary | Truants Alternative/ Optional Education | Regional Safe Schools | Pilot Regional Safe School Cooperative Education Program | Title II Teacher Quality Leadership Grant |
|--|----------------------------------|---|--|--------------------------|---|---|
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due from other governments | 74,793 | - | 20,983 | 8,246 | 5,556 | - |
| Total assets | \$ 74,793 | \$ - | \$ 20,983 | \$ 8,246 | \$ 5,556 | \$ - |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 3,695 | \$ - |
| Salary and benefits payable | - | - | 19,640 | 2,593 | - | - |
| Due to other funds | 74,793 | - | 1,343 | 5,653 | 1,861 | - |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | 74,793 | - | 20,983 | 8,246 | 5,556 | - |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue | - | - | 9,700 | 3,246 | - | - |
| Fund balance (deficit) | | | | | | |
| Restricted | - | - | - | - | - | - |
| Unassigned | - | - | (9,700) | (3,246) | - | - |
| Total fund balance (deficit) | - | - | (9,700) | (3,246) | - | - |
| Total liabilities, deferred inflows, and fund balance (deficit) | \$ 74,793 | \$ - | \$ 20,983 | \$ 8,246 | \$ 5,556 | \$ - |

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See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2016

| | Title II - Teacher Quality | System of Support | McKinney-Vento Education for Homeless Children and Youth | National and State School Breakfast and Lunch | Total |
|--|-------------------------------|----------------------|---|--|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 555 | \$ - | \$ - | \$ 14,460 | \$ 15,015 |
| Due from other governments | - | 17,998 | 5,617 | 145 | 133,338 |
| Total assets | \$ 555 | \$ 17,998 | \$ 5,617 | \$ 14,605 | \$ 148,353 |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 3,695 |
| Salary and benefits payable | - | - | - | - | 22,233 |
| Due to other funds | - | 17,998 | 5,617 | - | 107,265 |
| Unearned revenue | 555 | - | - | - | 555 |
| Total liabilities | 555 | 17,998 | 5,617 | - | 133,748 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue | - | - | 113 | 108 | 13,167 |
| Fund balance (deficit) | | | | | |
| Restricted | - | - | - | 14,497 | 14,497 |
| Unassigned | - | - | (113) | - | (13,059) |
| Total fund balance (deficit) | - | - | (113) | 14,497 | 1,438 |
| Total liabilities, deferred inflows, and fund balance (deficit) | \$ 555 | \$ 17,998 | \$ 5,617 | \$ 14,605 | \$ 148,353 |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2016

| | ROE/ISC General Operations | Federal Special Education - Pre-School Discretionary | Truants Alternative/ Optional Education | Regional Safe Schools | Pilot Regional Safe School Cooperative Education Program | Title II Teacher Quality Leadership Grant |
|--|----------------------------------|---|--|--------------------------|---|---|
| Revenues | | | | | | |
| State sources | \$ 74,793 | \$ - | \$ 256,533 | \$ 68,911 | \$ 37,056 | \$ - |
| Federal sources | - | 372,890 | - | - | - | 1,600 |
| Total revenues | <u>74,793</u> | <u>372,890</u> | <u>256,533</u> | <u>68,911</u> | <u>37,056</u> | <u>1,600</u> |
| Expenditures | | | | | | |
| Salaries and benefits | 66,991 | 123,488 | 228,681 | 68,449 | 28,406 | - |
| Purchased services | 690 | 229,618 | 15,693 | 3,274 | 4,513 | 1,600 |
| Supplies and materials | - | 6,011 | - | - | 4,137 | - |
| Payments to other governmental units | - | - | 18,081 | - | - | - |
| Pension expense | 7,112 | 13,773 | 3,778 | 1,615 | - | - |
| Total expenditures | <u>74,793</u> | <u>372,890</u> | <u>266,233</u> | <u>73,338</u> | <u>37,056</u> | <u>1,600</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(9,700)</u> | <u>(4,427)</u> | <u>-</u> | <u>-</u> |
| Other financing sources: | | | | | | |
| Transfers in | - | - | - | 1,181 | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,181</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (deficit) | <u>-</u> | <u>-</u> | <u>(9,700)</u> | <u>(3,246)</u> | <u>-</u> | <u>-</u> |
| Fund balance (deficit) - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance (deficit) - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (9,700)</u> | <u>\$ (3,246)</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (Continued)

For the Year Ended June 30, 2016

| | Title II - Teacher Quality | System of Support | McKinney-Vento Education for Homeless Children and Youth | National and State School Breakfast and Lunch | Total |
|--|-------------------------------|----------------------|---|--|-----------------|
| Revenues | | | | | |
| State sources | \$ - | \$ - | \$ - | \$ 320 | \$ 437,613 |
| Federal sources | 555 | 17,998 | 27,422 | 37,477 | 457,942 |
| Total revenues | <u>555</u> | <u>17,998</u> | <u>27,422</u> | <u>37,797</u> | <u>895,555</u> |
| Expenditures | | | | | |
| Salaries and benefits | - | 3,564 | 16,746 | - | 536,325 |
| Purchased services | 555 | 12,476 | 3,400 | 21,145 | 292,964 |
| Supplies and materials | - | 1,769 | 5,411 | - | 17,328 |
| Payments to other governmental units | - | - | - | - | 18,081 |
| Pension expense | - | 189 | 1,978 | - | 28,445 |
| Total expenditures | <u>555</u> | <u>17,998</u> | <u>27,535</u> | <u>21,145</u> | <u>893,143</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(113)</u> | <u>16,652</u> | <u>2,412</u> |
| Other financing sources: | | | | | |
| Transfers in | - | - | - | - | 1,181 |
| Transfers out | - | - | - | (2,321) | (2,321) |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,321)</u> | <u>(1,140)</u> |
| Net change in fund balance (deficit) | <u>-</u> | <u>-</u> | <u>(113)</u> | <u>14,331</u> | <u>1,272</u> |
| Fund balance (deficit) - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>166</u> | <u>166</u> |
| Fund balance (deficit) - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (113)</u> | <u>\$ 14,497</u> | <u>\$ 1,438</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 ROE/ISC GENERAL OPERATIONS

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| State sources | \$ 74,719 | \$ 74,793 | \$ 74,793 |
| Total revenue | <u>74,719</u> | <u>74,793</u> | <u>74,793</u> |
| Expenditures | | | |
| Salaries and benefits | 73,573 | 74,106 | 66,991 |
| Purchased services | 1,146 | 687 | 690 |
| Pension expense | - | - | 7,112 |
| Total expenditures | <u>74,719</u> | <u>74,793</u> | <u>74,793</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund balance - beginning | | | - |
| Fund balance - ending | | | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FEDERAL SPECIAL EDUCATION – PRE-SCHOOL DISCRETIONARY

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| Federal sources | \$ 350,000 | \$ 350,000 | \$ 372,890 |
| Interest | - | - | - |
| Total revenue | <u>350,000</u> | <u>350,000</u> | <u>372,890</u> |
| Expenditures | | | |
| Salaries and benefits | 136,505 | 136,505 | 123,488 |
| Purchased services | 207,339 | 207,339 | 229,618 |
| Supplies and materials | 6,156 | 6,156 | 6,011 |
| Pension expense | - | - | 13,773 |
| Total expenditures | <u>350,000</u> | <u>350,000</u> | <u>372,890</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund balance - beginning | | | - |
| Fund balance - ending | | | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TRUANTS ALTERNATIVE/OPTIONAL EDUCATION

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|-------------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| State sources | \$ 251,284 | \$ 251,284 | \$ 256,533 |
| Total revenue | <u>251,284</u> | <u>251,284</u> | <u>256,533</u> |
| Expenditures | | | |
| Salaries and benefits | 205,669 | 214,384 | 228,681 |
| Purchased services | 20,615 | 16,400 | 15,693 |
| Payments to other governments | 25,000 | 20,500 | 18,081 |
| Pension expense | - | - | 3,778 |
| Total expenditures | <u>251,284</u> | <u>251,284</u> | <u>266,233</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | (9,700) |
| Fund balance - beginning | | | <u>-</u> |
| Fund balance - ending | | | <u>\$ (9,700)</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|--|------------------|---------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| State sources | \$ 67,284 | \$ 67,284 | \$ 68,911 |
| Total revenue | <u>67,284</u> | <u>67,284</u> | <u>68,911</u> |
| Expenditures | | | |
| Salaries and benefits | 64,359 | 64,520 | 68,449 |
| Purchased services | 2,925 | 2,764 | 3,274 |
| Pension expense | - | - | 1,615 |
| Total expenditures | <u>67,284</u> | <u>67,284</u> | <u>73,338</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (4,427) |
| Other financing sources (uses): | | | |
| Transfers in | - | - | 1,181 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,181</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | (3,246) |
| Fund balance - beginning | | | - |
| Fund balance - ending | | | <u>\$ (3,246)</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 PILOT REGIONAL SAFE SCHOOL COOPERATIVE EDUCATION PROGRAM

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| State sources | \$ 37,422 | \$ 37,442 | \$ 37,056 |
| Total revenue | <u>37,422</u> | <u>37,442</u> | <u>37,056</u> |
| Expenditures | | | |
| Salaries and benefits | 28,406 | 28,406 | 28,406 |
| Purchased services | 7,016 | 4,500 | 4,513 |
| Supplies and materials | 2,000 | 4,536 | 4,137 |
| Total expenditures | <u>37,422</u> | <u>37,442</u> | <u>37,056</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund balance - beginning | | | - |
| Fund balance - ending | | | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II-TEACHER QUALITY-LEADERSHIP GRANT

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|--------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| Federal sources | \$ 2,721 | \$ 2,721 | \$ 1,600 |
| Interest | - | - | - |
| Total revenue | <u>2,721</u> | <u>2,721</u> | <u>1,600</u> |
| Expenditures | | | |
| Purchased services | <u>2,721</u> | <u>2,721</u> | <u>1,600</u> |
| Total expenditures | <u>2,721</u> | <u>2,721</u> | <u>1,600</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund balance - beginning | | | - |
| Fund balance - ending | | | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II-TEACHER QUALITY

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|-------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| Federal sources | \$ 646 | \$ 646 | \$ 555 |
| Interest | - | - | - |
| Total revenue | <u>646</u> | <u>646</u> | <u>555</u> |
| Expenditures | | | |
| Purchased services | <u>646</u> | <u>646</u> | <u>555</u> |
| Total expenditures | <u>646</u> | <u>646</u> | <u>555</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund balance - beginning | | | <u>-</u> |
| Fund balance - ending | | | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 SYSTEM OF SUPPORT

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|----------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| Federal sources | \$ 72,083 | \$ 72,083 | \$ 17,998 |
| Total revenue | <u>72,083</u> | <u>72,083</u> | <u>17,998</u> |
| Expenditures | | | |
| Salaries and benefits | - | 21,305 | 3,564 |
| Purchased services | 68,083 | 49,028 | 12,476 |
| Supplies and materials | 4,000 | 1,750 | 1,769 |
| Pension expense | - | - | 189 |
| Total expenditures | <u>72,083</u> | <u>72,083</u> | <u>17,998</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund balance - beginning | | | - |
| Fund balance - ending | | | <u>\$ -</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 MCKINNEY-VENTO EDUCATION FOR HOMELESS CHILDREN AND YOUTH

For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts |
|---------------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| Revenue | | | |
| Federal Sources | \$ 16,000 | \$ 28,583 | \$ 27,422 |
| Interest | - | - | - |
| Total revenue | <u>16,000</u> | <u>28,583</u> | <u>27,422</u> |
| Expenditures | | | |
| Salaries and benefits | 7,044 | 17,302 | 16,746 |
| Purchased services | 3,356 | 5,681 | 3,400 |
| Supplies and materials | 5,500 | 5,500 | 5,411 |
| Payments to other governments | 100 | 100 | - |
| Pension expense | - | - | 1,978 |
| Total expenditures | <u>16,000</u> | <u>28,583</u> | <u>27,535</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | (113) |
| Fund balance - beginning | | | <u>-</u> |
| Fund balance (deficit) - ending | | | <u>\$ (113)</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2016

| | General Education Development | Bus Driver/ Transportation | Total |
|--|-------------------------------------|-------------------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ 10,885 | \$ 10,885 |
| Due from other governments | - | 1,474 | 1,474 |
| | <u>-</u> | <u>12,359</u> | <u>12,359</u> |
| Total assets | <u>\$ -</u> | <u>\$ 12,359</u> | <u>\$ 12,359</u> |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 479 | \$ 479 |
| Due to other funds | 21,527 | - | 21,527 |
| | <u>21,527</u> | <u>479</u> | <u>22,006</u> |
| Total liabilities | <u>21,527</u> | <u>479</u> | <u>22,006</u> |
| Fund balance (deficit) | | | |
| Restricted | - | 11,880 | 11,880 |
| Unassigned | (21,527) | - | (21,527) |
| | <u>(21,527)</u> | <u>11,880</u> | <u>(9,647)</u> |
| Total fund balance (deficit) | <u>(21,527)</u> | <u>11,880</u> | <u>(9,647)</u> |
| Total liabilities, deferred inflows, and fund balance (deficit) | <u>\$ -</u> | <u>\$ 12,359</u> | <u>\$ 12,359</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2016

| | General Education Development | Bus Driver/ Transportation | Total |
|---|-------------------------------------|-------------------------------|-------------------|
| Revenues | | | |
| Local sources | \$ 2,164 | \$ 3,820 | \$ 5,984 |
| State sources | - | 1,474 | 1,474 |
| Total revenues | <u>2,164</u> | <u>5,294</u> | <u>7,458</u> |
| Expenditures | | | |
| Salaries and benefits | - | 2,207 | 2,207 |
| Purchased services | 376 | 1,694 | 2,070 |
| Supplies and materials | 20 | - | 20 |
| Total expenditures | <u>396</u> | <u>3,901</u> | <u>4,297</u> |
| Excess of revenues over expenditures | <u>1,768</u> | <u>1,393</u> | <u>3,161</u> |
| Net change in fund balance (deficit) | 1,768 | 1,393 | 3,161 |
| Fund balance (deficit) - beginning | <u>(23,295)</u> | <u>10,487</u> | <u>(12,808)</u> |
| Fund balance (deficit) - ending | <u>\$ (21,527)</u> | <u>\$ 11,880</u> | <u>\$ (9,647)</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS

June 30, 2016

| | <u>School Facility Occupation Tax</u> | <u>Eastern Illinois University Cohort</u> | <u>Ohio and Wabash Valley Regional Vocational System</u> | <u>Total</u> |
|----------------------------|---|---|--|-------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 271,419 | \$ 14,648 | \$ 10,000 | \$ 296,067 |
| Due from other governments | - | - | 32,228 | 32,228 |
| Total assets | <u>\$ 271,419</u> | <u>\$ 14,648</u> | <u>\$ 42,228</u> | <u>\$ 328,295</u> |
| Liabilities | | | | |
| Due to other governments | \$ 271,419 | \$ 14,648 | \$ 42,228 | \$ 328,295 |
| Total liabilities | <u>\$ 271,419</u> | <u>\$ 14,648</u> | <u>\$ 42,228</u> | <u>\$ 328,295</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
SALINE, WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2016

| | Balance June 30, 2015 | Additions | Deductions | Balance June 30, 2016 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <u>SCHOOL FACILITY OCCUPATION TAX</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 161,481 | \$ 2,986,289 | \$ 2,876,351 | \$ 271,419 |
| Total assets | <u>\$ 161,481</u> | <u>\$ 2,986,289</u> | <u>\$ 2,876,351</u> | <u>\$ 271,419</u> |
| Liabilities | | | | |
| Due to other governments | \$ 161,481 | \$ 2,986,289 | \$ 2,876,351 | \$ 271,419 |
| Total liabilities | <u>\$ 161,481</u> | <u>\$ 2,986,289</u> | <u>\$ 2,876,351</u> | <u>\$ 271,419</u> |
| <u>EASTERN ILLINOIS UNIVERSITY COHORT</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 14,648 | \$ - | \$ 14,648 |
| Total assets | <u>\$ -</u> | <u>\$ 14,648</u> | <u>\$ -</u> | <u>\$ 14,648</u> |
| Liabilities | | | | |
| Due to other governments | \$ - | \$ 14,648 | \$ - | \$ 14,648 |
| Total liabilities | <u>\$ -</u> | <u>\$ 14,648</u> | <u>\$ -</u> | <u>\$ 14,648</u> |
| <u>OHIO AND WABASH VALLEY REGIONAL VOCATIONAL SYSTEM</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 10,000 | \$ 594,680 | \$ 594,680 | \$ 10,000 |
| Due from other governments | 14,802 | 32,228 | 14,802 | 32,228 |
| Total assets | <u>\$ 24,802</u> | <u>\$ 626,908</u> | <u>\$ 609,482</u> | <u>\$ 42,228</u> |
| Liabilities | | | | |
| Due to other governments | \$ 24,802 | \$ 626,908 | \$ 609,482 | \$ 42,228 |
| Total liabilities | <u>\$ 24,802</u> | <u>\$ 626,908</u> | <u>\$ 609,482</u> | <u>\$ 42,228</u> |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 171,481 | \$ 3,595,617 | \$ 3,471,031 | \$ 296,067 |
| Due from other governments | 14,802 | 32,228 | 14,802 | 32,228 |
| Total assets | <u>\$ 186,283</u> | <u>\$ 3,627,845</u> | <u>\$ 3,485,833</u> | <u>\$ 328,295</u> |
| Liabilities | | | | |
| Due to other governments | \$ 186,283 | \$ 3,627,845 | \$ 3,485,833 | \$ 328,295 |
| Total liabilities | <u>\$ 186,283</u> | <u>\$ 3,627,845</u> | <u>\$ 3,485,833</u> | <u>\$ 328,295</u> |

See accompanying Independent Auditors' Report.

EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE,
 SALINE, WABASH, WAYNE, AND WHITE COUNTIES
 REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 SCHOOL FACILITY OCCUPATION TAX

For the Year Ended June 30, 2016

| District | School Facility Occupation Tax |
|---|-----------------------------------|
| Hamilton County | |
| Akin Community Consolidated School District #91 | \$ 452 |
| Benton Community High School District #103 | 226 |
| Eldorado Community Unit School District #4 | 10,007 |
| Galatia Community Unit School District #1 | 774 |
| Hamilton Co. Community Unit School District #10 | 277,151 |
| Norris City-Omaha-Enfield Community Unit School District #3 | 6,651 |
| Thompsonville Community Unit School District #174 | 2,582 |
| Wayne City Community Unit School District #100 | 1,452 |
| Total Hamilton County | 299,295 |
| Saline County | |
| Carrier Mills Stonefort Community Unit School District #2 | 199,048 |
| Eldorado Community Unit School District #4 | 543,821 |
| Galatia Community Unit School District #1 | 187,085 |
| Gallatin County Community Unit School District #7 | 3,463 |
| Harrisburg Community Unit School District #3 | 970,604 |
| Total Saline County | 1,904,021 |
| White County | |
| Carmi-White Co. Community Unit School District #5 | 418,835 |
| Fairfield Community High School District #225 | 3,602 |
| Grayville Community Unit School District #1 | 55,841 |
| New Hope Community Consolidated School District #6 | 9,900 |
| Norris City-Omaha-Enfield Community Unit School District #3 | 184,717 |
| Total White County | 672,895 |
| Interest | 140 |
| | \$ 2,876,351 |

See accompanying Independent Auditors' Report.