

**State of Illinois**  
**HENDERSON/KNOX/MERCER/WARREN COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #33**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2016**

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
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HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

OFFICIALS

Regional Superintendent  
(Current and During the Audit Period)

Ms. Jodi Scott

Assistant Regional Superintendent  
(Current and During the Audit Period)

Ms. Lori Loving

Offices are located at:

105 North E Street  
Monmouth, Illinois 61462

121 S. Prairie Street  
Galesburg, IL 61401

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
2016-001	11a	Controls over Financial Statement Preparation	Material Weakness
2016-002	11d	Inadequate Internal Control Procedures	Material Weakness

PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

PRIOR AUDIT FINDINGS NOT REPEATED (*FEDERAL COMPLIANCE*)

None

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on November 18, 2016, with Jodi Scott, Regional Superintendent, Lori Loving, Assistant Regional Superintendent; Julie Lant, Bookkeeper; and Tami Knight, Kemper CPA Group. Responses to the recommendations were provided by Jodi Scott, Regional Superintendent.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #33's basic financial statements.



## 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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, 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.

### **Emphasis of Matters**

As disclosed in Note 13, the Knox County Regional Office of Education #33 consolidated with Henderson, Mercer, and Warren Counties, formerly in the Regional Office of Education #27 educational service region, into its educational service region effective July 1, 2015. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions on pages 58 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2017, on our consideration of the Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control over financial reporting and compliance.

original signature on file

Mattoon, Illinois  
August 28, 2017

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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's basic financial statements, and have issued our report thereon dated August 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson/Knox/ Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control. Accordingly, we do not express an opinion on the effectiveness of Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 and 2016-002 that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Regional Office of Education #33's Responses to Findings

Henderson/Knox/Mercer/Warren Regional Office of Education #33's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33'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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

original signature on file

Mattoon, Illinois  
August 28, 2017

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements in accordance with GAAP**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2016-001 – Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education #33 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 fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, this Statement requires information about the government's major and nonmajor funds in the aggregate to be provided in the fund financial statements.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB 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 inflows and outflows 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:**

During review of the financial information prepared by the Regional Office of Education #33, auditors noted the following:

- The Regional Office of Education #33 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 the 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. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2016-001 – Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1) (Continued)**

**Condition (Concluded):**

- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.
- In June 2015, prior to the July 1, 2015 consolidation date for the Regional Offices of Education #27 and #33 (ROE), the Regional Superintendent of ROE #27, who was also Regional Superintendent elect of the consolidated ROE #33, opened a checking account in the name of ROE #33 and transferred \$791,000 from ROE #27's checking account to the new account. The cash never left the custody of the Regional Superintendent of ROE #27, however, it was recorded as a reduction of cash and a payment to other governments in ROE #27's June 30, 2015 financial statements. This resulted in an understatement of cash and net position and overstatement of payments to other governments of \$791,000 in the June 30, 2015 financial statements of ROE #27 and subsequently a \$791,000 understatement in beginning balances of cash and net position for the consolidated financial statements of ROE #33 at July 1, 2015.

**Effect:**

Management or 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 the ROE management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements.

The complex requirements of GASB Statements No. 68 and No. 71 will require additional time and training before the Regional Office of Education #33 can fully implement the requirements on its own.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2016-001 – Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1) (Concluded)**

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #33 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is confident with the accounting staff and the preparation of financial information. When fiscally possible, additional training or hiring of additional staff will be pursued.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2016-002 – Inadequate Internal Control Procedures**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to prevent errors and fraud.

**Condition:**

Auditors noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. Several restricted Education Funds are carrying fund balances for excess grant funding from previous fiscal years.
- B. No documented evidence of independent review of completed bank reconciliations.
- C. No documented evidence of independent review of cash receipts to deposit slips which are then compared to the general ledger.
- D. Off-site backup not maintained at a secure location.
- E. Main bank account has a \$1,261 variance on the June 30, 2016 bank reconciliation.
- F. No documented evidence of independent review of journal entries or payroll ACH deposit reports.
- G. Regional Safe School and Title II- Teacher Quality- Leadership filed first quarter expenditure reports nine days late.
- H. No documented review of the expenditure reports before they are submitted.
- I. Individuals with access to the accounting system also have signature stamps.
- J. There were \$6,041 of fees relating to tuition paid before successful completion of the courses. The policy for continuing education and tuition reimbursement was not clearly outlined in the Regional Office's policy manual.
- K. Multiple instances of employment contracts not being signed by both employee and Regional Superintendent. There were also two instances of gross check amounts not matching contract rates and time sheets.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 2016-002 – Inadequate Internal Control Procedures (Continued)**

**Effect:**

Lack of sufficient internal controls over the financial process of the Regional Office could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

**Cause:**

The Regional Office of Education #33 has not established or documented sufficient internal control procedures.

**Auditor's Recommendation:**

- A. The Regional Office of Education should spend all the grant money or send back the unspent portion to the grantor at the end of the grant agreement.
- B. The Regional Office of Education should have an individual, independent of the accounting system, document their review on the bank reconciliation.
- C. The Regional Office of Education should develop internal controls to ensure there is documented review of all cash receipts and that the receipts agree to the deposit slips and general ledger.
- D. The Regional Office of Education should keep the off-site backup at a secure location.
- E. The Regional Office of Education should develop internal controls sufficient to ensure that bank reconciliations are completed and agree to the general ledger.
- F. The Regional Office of Education should have the Regional Superintendent sign off on the journal entries and payroll ACH deposit reports after she reviews and approves them.
- G. The Regional Office of Education should ensure expenditure reports are submitted timely.
- H. The Regional Office of Education should ensure that the Regional Superintendent reviews and documents approval of all expenditure reports before they are submitted.
- I. The Regional Office of Education should ensure that all employees with access to the accounting software are not in control of a signature stamp.
- J. The Regional Office of Education should clarify which expenses employees and management will be reimbursed for all degree course work and require proof of successful completing before the expenses are paid.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 2016-002 – Inadequate Internal Control Procedures (Concluded)**

**Auditor’s Recommendation (Concluded):**

- K. The Regional Office of Education should ensure that all employment contracts are signed by both employees and the Regional Superintendent and that pay rates and time sheets match actual gross checks.

**Management’s Response:**

The Regional Office agrees with the auditor’s recommendation. In addition, the Regional Office has already corrected many of the internal control issues noted and continues to work on improving the internal controls over our financial processes.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
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, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1)**

**Condition:**

During review of the financial information prepared by the Regional Office of Education #33, auditors noted the following:

- The Regional Office of Education #33 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 the 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. For example, during review of the Regional Office’s accounting records, auditors noted the Regional Office’s financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office’s management.
- In June 2015, prior to the July 1, 2015 consolidation date for the Regional Offices of Education #27 and #33 (ROE), the Regional Superintendent of ROE #27, who was also Regional Superintendent elect of the consolidated ROE #33, opened a checking account in the name of ROE #33 and transferred \$791,000 from ROE #27’s checking account to the new account. The cash never left the custody of the Regional Superintendent of ROE #27, however, it was recorded as a reduction of cash and a payment to other governments in ROE #27’s June 30, 2015 financial statements. This resulted in an understatement of cash and net position and overstatement of payments to other governments of \$791,000 in the June 30, 2015 financial statements of ROE #27 and subsequently a \$791,000 understatement in beginning balances of cash and net position for the consolidated financial statements of ROE #33 at July 1, 2015.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

**Corrective Action Plan (Continued)**

**Finding No. 2016-001 – Controls over Financial Statement Preparation (Repeat of Finding 15-001, 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-1) (Concluded)**

**Plan:**

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office of Education will continue to provide training for staff in utilizing the full range of financial technology that exists.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

**Corrective Action Plan (Continued)**

**Finding No. 2016-002 – Inadequate Internal Control Procedures**

**Condition:**

Auditors noted the following weaknesses in the Regional Office’s internal control system for which there were no mitigating controls:

- A. Several restricted Education Funds are carrying fund balances for excess grant funding from previous fiscal years.
- B. No documented evidence of independent review of completed bank reconciliations.
- C. No documented evidence of independent review of cash receipts to deposit slips which are then compared to the general ledger.
- D. Off-site backup not maintained at a secure location.
- E. Main bank account has a \$1,261 variance on the June 30, 2016 bank reconciliation.
- F. No documented evidence of independent review of journal entries and payroll ACH deposit reports.
- G. Regional Safe School and Title II - Teacher Quality- Leadership filed first quarter expenditure reports nine days late.
- H. No documented review of the expenditure reports before they are submitted.
- I. Individuals with access to the accounting system also have signature stamps.
- J. There were \$6,041 of fees relating to tuition paid before successful completion of the courses. The policy for continuing education and tuition reimbursement was not clearly outlined in the Regional Office’s policy manual.
- K. Multiple instances of employment contracts not being signed by both employee and Regional Superintendent. There were also two instances of gross check amounts not matching contract rates and time sheets.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

**Corrective Action Plan (Continued)**

**Finding No. 2016-002 – Inadequate Internal Control Procedures (Continued)**

**Plan:**

- A. The Regional Office of Education will spend all the grant money or send back the unspent portion to the grantor at the end of the grant agreement.
- B. The Regional Office of Education will have an individual, independent of the accounting system, document their review on the bank reconciliation.
- C. The Regional Office of Education will develop internal controls to ensure there is documented review of all cash receipts and that the receipts agree to the deposit slips and general ledger.
- D. The Regional Office of Education will keep the off-site backup at a secure location.
- E. The Regional Office of Education will develop internal controls sufficient to ensure that bank reconciliations are completed and agree to the general ledger.
- F. The Regional Office of Education will have the Regional Superintendent sign off on the journal entries and payroll ACH deposit reports after she reviews and approves them.
- G. The Regional Office of Education will ensure expenditure reports are submitted timely.
- H. The Regional Office of Education will ensure that the Regional Superintendent reviews and documents approval of all expenditure reports before they are submitted.
- I. The Regional Office of Education will ensure that all employees with access to the accounting software are not in control of a signature stamp.
- J. The Regional Office of Education will clarify which expenses employees and management will be reimbursed for all degree course work and require proof of successful completing before the expenses are paid.
- K. The Regional Office of Education will ensure that all employment contracts are signed by both employees and the Regional Superintendent and that pay rates and time sheets match actual gross checks.

**Anticipated Date of Completion:**

June 30, 2017

**Contact Person Responsible for Corrective Action:**

Honorable Jodi Scott, Regional Superintendent of Schools

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2015-001	Controls over Financial Statement Preparation	Repeated as Finding 2016-001

## BASIC FINANCIAL STATEMENTS

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,099,970	\$ 85,134	\$ 1,185,104
Accounts receivable	263	-	263
Due from other governments:			
Local	60,478	-	60,478
State	218,704	-	218,704
Federal	220,647	-	220,647
Total Current Assets	<u>1,600,062</u>	<u>85,134</u>	<u>1,685,196</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	17,725	-	17,725
Total Noncurrent Assets	<u>17,725</u>	<u>-</u>	<u>17,725</u>
<b>TOTAL ASSETS</b>	<u>1,617,787</u>	<u>85,134</u>	<u>1,702,921</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>379,417</u>	<u>-</u>	<u>379,417</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	845	-	845
Due to other governments:			
Local	4,717	-	4,717
State	5,382	-	5,382
Federal	13,508	-	13,508
Unearned revenue	180,944	-	180,944
Total Current Liabilities	<u>205,396</u>	<u>-</u>	<u>205,396</u>
Noncurrent Liabilities:			
Net pension liability	588,808	-	588,808
Total Noncurrent Liabilities	<u>588,808</u>	<u>-</u>	<u>588,808</u>
<b>TOTAL LIABILITIES</b>	<u>794,204</u>	<u>-</u>	<u>794,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>219,877</u>	<u>-</u>	<u>219,877</u>
<b>NET POSITION</b>			
Invested in capital assets	17,725	-	17,725
Restricted for educational purposes	189,109	-	189,109
Unrestricted	776,289	85,134	861,423
<b>TOTAL NET POSITION</b>	<u>\$ 983,123</u>	<u>\$ 85,134</u>	<u>\$ 1,068,257</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	1,200,421	-	787,000	\$ (413,421)	\$ -	\$ (413,421)
Purchased services	348,112	-	179,946	(168,166)	-	(168,166)
Supplies and materials	56,724	-	42,849	(13,875)	-	(13,875)
Depreciation expense	3,443	-	-	(3,443)	-	(3,443)
Capital outlay	-	-	13,782	13,782	-	13,782
Payments to other governments	379,535	-	488,019	108,484	-	108,484
Pension expense	85,758	-	-	(85,758)	-	(85,758)
Administrative:						
On-behalf payments - State	445,725	-	-	(445,725)	-	(445,725)
Total Governmental Activities	<u>2,519,718</u>	<u>-</u>	<u>1,511,596</u>	<u>(1,008,122)</u>	<u>-</u>	<u>(1,008,122)</u>
Business-Type Activities:						
Fees for services	44,127	86,390	-	-	42,263	42,263
Total Business-Type Activities	<u>44,127</u>	<u>86,390</u>	<u>-</u>	<u>-</u>	<u>42,263</u>	<u>42,263</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 2,563,845</u>	<u>\$ 86,390</u>	<u>1,511,596</u>	<u>(1,008,122)</u>	<u>42,263</u>	<u>(965,859)</u>
<b>GENERAL REVENUES:</b>						
Local sources				483,701	-	483,701
State sources				214,149	-	214,149
On-behalf payments - State				445,725	-	445,725
Investment earnings				2,244	-	2,244
Total general revenues				<u>1,145,819</u>	<u>-</u>	<u>1,145,819</u>
<b>CHANGE IN NET POSITION</b>				137,697	42,263	179,960
<b>NET POSITION - BEGINNING</b>						
(Restated, see Note 13)				<u>845,426</u>	<u>42,871</u>	<u>888,297</u>
<b>NET POSITION - ENDING</b>				<u>\$ 983,123</u>	<u>\$ 85,134</u>	<u>\$ 1,068,257</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 770,729	\$ 211,677	\$ 117,564	\$ -	\$ 1,099,970
Due from other funds	403,635	-	-	(403,635)	-
Due from other governments:					
Local	60,478	-	-	-	60,478
State	-	217,339	1,365	-	218,704
Federal	-	220,647	-	-	220,647
Accounts receivable	-	-	263	-	263
<b>TOTAL ASSETS</b>	<b>\$ 1,234,842</b>	<b>\$ 649,663</b>	<b>\$ 119,192</b>	<b>\$ (403,635)</b>	<b>\$ 1,600,062</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 845	\$ -	\$ -	\$ 845
Due to other funds	6,179	397,456	-	(403,635)	-
Due to other governments:					
Local	4,579	138	-	-	4,717
State	-	5,382	-	-	5,382
Federal	-	13,508	-	-	13,508
Unearned revenue	-	180,944	-	-	180,944
<b>Total Liabilities</b>	<b>10,758</b>	<b>598,273</b>	<b>-</b>	<b>(403,635)</b>	<b>205,396</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>18,527</b>	<b>37,188</b>	<b>-</b>	<b>-</b>	<b>55,715</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	51,742	119,192	-	170,934
Assigned	52,708	-	-	-	52,708
Unassigned	1,152,849	(37,540)	-	-	1,115,309
<b>Total Fund Balance (Deficit)</b>	<b>1,205,557</b>	<b>14,202</b>	<b>119,192</b>	<b>-</b>	<b>1,338,951</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE</b>	<b>\$ 1,234,842</b>	<b>\$ 649,663</b>	<b>\$ 119,192</b>	<b>\$ (403,635)</b>	<b>\$ 1,600,062</b>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2016

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS		\$ 1,338,951
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		17,725
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred inflows of resources in the governmental funds.</p> <p style="padding-left: 20px;">Current year unavailable revenue</p>		55,715
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 379,417	
Deferred inflows of resources	<u>(219,877)</u>	159,540
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
IMRF net pension liability	\$ (167,991)	
TRS net pension liability	<u>(420,817)</u>	<u>(588,808)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 983,123</u></u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 447,873	\$ -	\$ 35,828	\$ -	\$ 483,701
State sources	305,958	836,313	1,365	-	1,143,636
Federal sources	-	564,288	-	-	564,288
On-behalf payments - State	280,881	-	-	-	280,881
Investment earnings	1,812	-	432	-	2,244
Total Revenues	<u>1,036,524</u>	<u>1,400,601</u>	<u>37,625</u>	<u>-</u>	<u>2,474,750</u>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	392,265	805,980	2,176	-	1,200,421
Pension expense	19,215	73,112	-	-	92,327
Purchased services	172,601	165,012	10,499	-	348,112
Supplies and materials	28,811	27,187	726	-	56,724
Payments to other governments	-	379,535	-	-	379,535
On-behalf payments - State	280,881	-	-	-	280,881
Capital outlay	13,273	509	-	-	13,782
Total Expenditures	<u>907,046</u>	<u>1,451,335</u>	<u>13,401</u>	<u>-</u>	<u>2,371,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>129,478</u>	<u>(50,734)</u>	<u>24,224</u>	<u>-</u>	<u>102,968</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	16	34,178	-	(34,194)	-
Transfers out	(27,232)	(6,962)	-	34,194	-
Total Other Financing Sources (Uses)	<u>(27,216)</u>	<u>27,216</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>102,262</u>	<u>(23,518)</u>	<u>24,224</u>	<u>-</u>	<u>102,968</u>
<b>FUND BALANCE (DEFICIT) - BEGINNING</b> (Restated, see Note 13)	<u>1,103,295</u>	<u>37,720</u>	<u>94,968</u>	<u>-</u>	<u>1,235,983</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ 1,205,557</u>	<u>\$ 14,202</u>	<u>\$ 119,192</u>	<u>\$ -</u>	<u>\$ 1,338,951</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 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 BALANCE — GOVERNMENTAL FUNDS \$ 102,968

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

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

Capital outlay	\$ 13,782	
Depreciation expense	<u>(3,443)</u>	10,339

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.

Current year unavailable revenue	\$ 55,715	
Prior year unavailable revenue	<u>(37,894)</u>	17,821

Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned, net		<u>6,569</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 137,697

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 85,134	\$ 85,134
TOTAL ASSETS	85,134	85,134
 NET POSITION		
Unrestricted	85,134	85,134
TOTAL NET POSITION	\$ 85,134	\$ 85,134

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
<b>OPERATING REVENUES</b>		
Fees for services	\$ 86,390	\$ 86,390
Total Operating Revenues	86,390	86,390
<b>OPERATING EXPENSES</b>		
Salaries and benefits	21,106	21,106
Purchased services	17,185	17,185
Supplies and materials	5,836	5,836
Total Operating Expenses	44,127	44,127
OPERATING INCOME	42,263	42,263
NET POSITION - BEGINNING, Restated (See Note 13)	42,871	42,871
TOTAL NET POSITION - ENDING	\$ 85,134	\$ 85,134

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Totals
Cash Flows from Operating Activities:		
Receipts from customers	\$ 86,390	\$ 86,390
Payments to suppliers and providers of goods and services	(23,021)	(23,021)
Payments to employees	(21,106)	(21,106)
Net Cash Provided by Operating Activities	42,263	42,263
Net Increase in Cash and Cash Equivalents	42,263	42,263
Cash and cash equivalents - Beginning, Restated (See Note 13)	42,871	42,871
Cash and cash equivalents - Ending	\$ 85,134	\$ 85,134

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,064
Due from other governments	1,452,752
<b>TOTAL ASSETS</b>	<b>\$ 1,453,816</b>
 <b>LIABILITIES</b>	
Due to other governments	\$ 1,453,816
<b>TOTAL LIABILITIES</b>	<b>\$ 1,453,816</b>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2016, the Regional Office of Education #33 implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Principles for State and Local Governments – supersedes GASB Statement No. 55*. The Regional Office of Education #33 implemented these standards during the current year. The implementation of GASB Statement No. 72 establishes guidance for determining a fair value measurement for financial reporting purposes and applying fair value to certain investments and disclosures. The implementation of GASB Statement No. 73 establishes required enhancements to financial statement disclosures by establishing a single framework for the presentation of information about pensions. The implementation of GASB Statement No. 76 prioritizes the guidance state and local governments follow when preparing financial statements in accordance with *Generally Accepted Accounting Principles*.

A. DATE OF MANAGEMENT’S REVIEW

The Regional Office of Education #33 has evaluated subsequent events through August 28, 2017, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers institutes as well as aiding and encouraging the formation of other teachers’ meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent’s office; and filing and keeping 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 #33’s districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2016, the Regional Office of Education #33 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 Henderson/Knox/Mercer/Warren Counties Regional Office of Education #33. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #33 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #33 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #33 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 criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #33 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #33 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #33 being considered a component unit of the entity.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #33's activities, with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Regional Office of Education #33 has three business-type activities that rely on fees and charges for support.

The Regional Office of Education #33's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #33 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #33's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources 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 funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

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 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. In the Statement of Activities, activities between governmental funds have been eliminated; however, transactions between governmental and business-type activities have not been eliminated.

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements but are recognized as current revenues 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 long-term obligations, which are recognized when paid.

Revenues received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

F. 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 presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 (including deferred outflows of resources) and current liabilities (including deferred inflows of resources) are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #33; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, the Regional Office of Education #33 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 funding resources available to finance the program. It is the Regional Office of Education #33's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #33 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #33 uses governmental, proprietary, and fiduciary funds.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities 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 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 (including deferred outflows), liabilities (including deferred inflows), 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 (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #33 has presented all major funds that met the above qualifications. The Regional Office of Education #33 reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources that benefit all school districts in the Region except for those required to be accounted and reported for in other funds. The General Fund accounts include the following:

General Operations – This fund accounts for monies received for expenditures in connection with general administrative activities.

General State Aid – Accounts for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Even Start Local – Accounts for local grant monies received for, and payment of, expenditures incurred for the Even Start program.

High Roads Youth Programs – Accounts for local grant monies received for, and payment of, expenditures incurred for the High Roads Youth Programs.

Incoming Freshman Academy – Accounts for local grant monies received for, and payment of, expenditures incurred for the Incoming Freshman Academy Program.

American College Test (ACT) Class – Accounts for the administration of classes to prepare students for the ACT.

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JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Criminal Background Investigation – Accounts for the assessments received from the school districts to pay for the processing of background checks of substitute teachers and expenditures incurred providing this service to the school districts.

Testing Center – Accounts for activity from PearsonVue for various testing.

Workshops – Workshops, seminars, and classes are held throughout the school year and in the summer to help teachers and administrators gain professional knowledge and earn professional credit.

Drop Out Summit – To provide funds to identify students in danger of dropping out and provide services to convince them to stay in school.

Knox County Registrations – To provide funds for workshops, seminars, and classes held throughout the school year.

Major Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or 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:

McKinney Education for Homeless Children – Used to account for the McKinney Education for Homeless Children Grant, a program to facilitate the enrollment, attendance, and success of homeless youths in school.

Title II – Teacher Leadership – This program accounts for the purchasing of evaluation training for teachers and evaluator training for principals through Growth Through Learning Illinois.

Title II – Teacher Quality – Used to account for funding to increase student achievement by elevating teacher and principal quality through recruitment, hiring, and retention strategies and to hold local education agencies and schools accountable for improvements in student academic achievement.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

Regional Safe Schools – Used to account for an alternative schools program of centralized instructional programs for students with specialized needs.

Regional Safe Schools Cooperative – This program provides support for the individual needs and learning styles of students while focusing on twelve employability skills recognized by adult service agencies.

ROE/ISC Operations – Used to develop and implement a regional improvement plan.

Title I – Foundational Services – The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Regional Office of Education #33 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning improve every year.

Truants Alternative Education – To establish and expand program options outside of regular school attendance to prevent students from becoming chronic truants or dropping out of school and to focus on employability skills for those 16-21 years of age.

State Free Lunch and Breakfast – Used to account for grant monies received for, and payment of, expenditures for the State Free Lunch and Breakfast Program.

National School Lunch Program – Used to account for grant monies received for, and payment of, expenditures for the National School Lunch Program.

School Breakfast Program – Used to account for grant monies received for, and payment of, expenditures for the School Breakfast Program.

Ounce of Prevention CLASS – Used to account for monies intended to ensure that instructional leaders have the practical resources necessary to install and sustain embedded professional development routines with teachers through CLASS courses.

Ounce of Prevention Conscience Discipline – Used to account for monies intended to ensure that instructional leaders have the practical resources necessary to install and sustain embedded professional development routines with teachers through Conscience Discipline courses.

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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Continued)

Education Fund (Continued)

Early Childhood and Early Childhood Block Grants – Used to account for State grant proceeds for the Early Childhood Education Block Grants.

Early Childhood – Monitoring – Accounts for the grant monies received for, and payment of, expenditures incurred for the Early Childhood – Monitoring Grant.

Title IV 21<sup>st</sup> Century Community Learning Centers – Used to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools, to meet State and local student standards in core academic subjects, to offer students a broad array of enrichment activities that can complement their regular academic programs, and to offer literacy and other educational services to the families of participating children.

Adult Education and Family Literacy – State Basic – Used to account for grant monies received for, and payment of, expenditures incurred for students in high school, General Educational Development, and computer classes with high reading levels.

Adult Education and Family Literacy – State Performance – Used to account for grant monies for formula-driven rewards for successful completion of the program.

Adult Education and Family Literacy – Public Assistance – Used to account for grant monies received from the Department of Human Services for expenditures incurred for educational services given for students on public assistance.

Federal Adult Education – Basic – Used to account for federal grant monies received for, and payment of, education and literacy for adults.

Gifted Education – Used to account for the grant monies received for, and payment of, expenditures incurred for the Gifted Education Grant.

ARRA – Education Jobs – Used to account for grant monies received for, and payment of, expenditures for activities to save or create education jobs.

Workforce Investment – Used to account for the funds received from the Workforce Investment Office of Western Illinois to assist economically disadvantaged youth in finding the appropriate services needed to remove barriers to successful participation in employment.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

Western Illinois Investment Grant – Used to account for the funds received to assist economically disadvantaged youth in finding the appropriate services needed to remove barriers to successful participation in employment and training activities which will result in employment that leads to self-sufficiency.

The Regional Office of Education #33 reports the following nonmajor special revenue funds:

General Education Development (GED) – Used to account for fees and expenditures incidental to administering the high school equivalency testing program.

Bus Driver Training – Used to account for fees and expenditures incidental to conducting courses of instruction for school bus drivers pursuant to the standards established by the Illinois Secretary of State.

Institute – Used to account for examination, registration, and renewal fees for teaching licenses and to defray expenses incidental to teachers' institutes, workshops and professional meetings.

PROPRIETARY FUNDS

Proprietary Funds – Proprietary funds account for revenue and expenses related to services provided to organizations inside the Region on a cost-reimbursement basis. The Regional Office of Education #33 reports the following nonmajor proprietary funds:

Staff Development – Used to account for local revenues and disbursements related to the development of staff.

Professional Development – Consortium – Used to account for monies from a joint effort between the Regional Office of Education #33 and Regional Office of Education #26 to provide professional development courses to district teachers in the respective Regional Office's regions.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds account for assets held by the Regional Office of Education #33 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

School Facility Occupation Tax – Accounts for the assets held by the Regional Office of Education #33 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are distributed to the school districts.

Knox County Substance Abuse Prevention (KCSAP) Program – Accounts for funds raised for use in the KCSAP program. Funds are passed through the Regional Office of Education #33 to the KCSAP committee.

I. 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 is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #33 has no nonspendable fund balances.

Restricted Fund Balance – The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following Education Fund accounts' fund balances are restricted by donor restrictions, grant agreements, or contracts: McKinney Education for Homeless Children, Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, Truants Alternative Education, National School Lunch Program, School Breakfast Program, Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), Adult Education and Family Literacy – Public Assistance, Federal Adult Education – Basic, and Gifted Education. The following fund balances are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute.

Committed Fund Balance – The portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #33 has no committed fund balances.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #33 has assigned fund balances in the following General Fund accounts: Even Start Local, High Roads Youth Programs, Amerian College Test (ACT) Class, Criminal Background Investigation, and Testing Center.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #33 has unassigned fund balances in the following General Fund accounts: General Operations and General State Aid. The following Education Fund accounts also have unassigned fund balances: State Free Lunch and Breakfast, Adult Education and Family Literacy – State Basic, and Adult Education and Family Literacy – State Performance.

J. 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.

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and invested in money market accounts. The Regional Office of Education #33 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. CAPITAL ASSETS

Capital assets, which include buildings, software, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$500 or more with a useful life 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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CAPITAL ASSETS (Concluded)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives: software over 3 years, furniture and equipment over 5 years, and buildings over 40 years.

M. COMPENSATED ABSENCES

The eligible employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 5 days for full-time employees during the first year, 10 days for full-time staff after 2 years, 15 days for full-time staff after 8 years, and 20 days for full-time staff after 12 years of continuous service. Vacation may not be taken in more than two weeks without prior approval. Employees may not carry forward any vacation time. Employees will also not be compensated for any unused vacation days.

Eligible employees receive up to 14 sick days annually that can accumulate to 360 days total for TRS employees and 221 days for IMRF employees. Upon resignation or dismissal, the ROE will not pay for unused sick time. Employees may use two of their sick days for personal business.

N. ESTIMATES

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

O. BUDGET INFORMATION

The Regional Office of Education #33 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney Education for Homeless Children, Title II – Teacher Leadership, Title II – Teacher Quality, Regional Safe Schools, Regional Safe Schools Cooperative, ROE/ISC Operations, Title I – Foundational Services, Truants Alternative Education, Early Childhood Grant (3705-00), Early Childhood Block Grant (3705-01), Title IV 21<sup>st</sup> Century Community Learning Center (4421-13), Title IV 21<sup>st</sup> Century Community Learning Center (4421-15), Adult Education and Family Literacy – State Basic, Adult Education and Family Literacy – State Performance, Federal Adult Education – Basic.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #33 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 Funds.

A. DEPOSITS

At June 30, 2016, the carrying amount of the Regional Office of Education #33’s government-wide and agency fund deposits were \$1,185,104 and \$1,064, respectively, and the bank balances were \$1,517,254 and \$1,433, respectively. Of the total bank balances as of June 30, 2016, \$435,575 was secured by federal depository insurance, \$1,004,925 was collateralized by securities pledged by the Regional Office of Education #33’s financial institution on behalf of the Regional Office, and \$78,187 was invested in the Illinois Funds Money Market Fund.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

**B. INVESTMENTS**

The Regional Office of Education #33 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The Regional Office of Education #33's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2016, the Regional Office of Education #33 had investments with carrying value of \$78,187 in the Illinois Funds Money Market Fund.

**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 Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one year maturity and no investment shall exceed two years maturity.

**CONCENTRATION OF CREDIT RISK**

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

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #33's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #33'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 following "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**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.

**Employees Covered by Benefit Terms**

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

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	5
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	17
<b>Total</b>	<b>35</b>

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Contributions**

As set by statute, the Regional Office of Education #33's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #33's annual contribution rate for calendar year 2015 was 10.55%. For the calendar year ended 2015, the Regional Office of Education #33 contributed \$51,500 to the plan. The Regional Office of Education #33 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education #33's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

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

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
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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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 1,279,856	\$ 1,267,787	\$ 12,069
<b>Changes for the year:</b>			
Service Cost	46,790	-	46,790
Interest on the Total Pension Liability	96,903	-	96,903
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	66,475	-	66,475
Changes of Assumptions	-	-	-
Contributions - Employer	-	51,500	(51,500)
Contributions - Employees	-	21,967	(21,967)
Net Investment Income	-	(22,368)	22,368
Benefit Payments, including Refunds of Employee Contributions	(22,432)	(22,432)	-
Other (Net Transfer)	-	3,147	(3,147)
Net Changes	<u>187,736</u>	<u>31,814</u>	<u>155,922</u>
<b>Balances at December 31, 2015</b>	<u>\$ 1,467,592</u>	<u>\$ 1,299,601</u>	<u>\$ 167,991</u>

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

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

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability</b>	\$ 370,719	\$ 167,991	\$ (356)

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

For the year ending June 30, 2016, the Regional Office of Education #33 recognized pension expense of \$16,338. At June 30, 2016, the Regional Office of Education #33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 51,712	\$ 49,081
Changes of assumptions	29,640	-
Net difference between projected and actual earnings on pension plan investments	147,333	-
Total Deferred Amounts to be recognized in pension expense in future periods	<u>228,685</u>	<u>49,081</u>
Pension Contributions made subsequent to the Measurement Date	27,973	-
Total Deferred Amounts Related to Pensions	<u>\$ 256,658</u>	<u>\$ 49,081</u>

\$27,973 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2016	\$ 47,282
2017	47,282
2018	54,032
2019	31,008
2020	-
Thereafter	-
Total	<u>\$ 179,604</u>

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #33 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.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

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

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 Regional Office of Education #33.

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NOTE 4 – 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 Regional Office of Education #33. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education #33 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #33, and the Regional Office of Education #33 recognized revenue and expenditures of \$164,844 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$2,022, and are deferred because they were paid after the June 30, 2015, measurement date.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #33, there is a statutory requirement for the Regional Office of Education #33 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$106,687 were paid from federal and special trust funds that required employer contributions of \$38,471. These contributions are deferred because they were paid after the June 30, 2015, measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #33 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education #33 paid no employer ERO contributions.

The Regional Office of Education #33 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education #33 made no payments 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 allotment.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

At June 30, 2016, the Regional Office of Education #33 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 follow:

Employers proportionate share of the net pension liability	\$ 420,817
State’s proportionate share of the net pension liability associated with the employer	<u>2,012,052</u>
<b>Total</b>	<b><u>\$ 2,432,869</u></b>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The Regional Office of Education #33’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education #33’s proportion was .00064237040 percent, which was a decrease of .00030069080 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education #33 recognized pension expense of \$164,844 and revenue of \$164,844 for support provided by the State. For the year ended June 30, 2016, the ROE recognized pension income of \$22,907. At June 30, 2016, the Regional Office of Education #33 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 157	\$ 461
Net difference between projected and actual earnings on pension plan investments	8,334	14,735
Changes of assumptions	5,820	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,075	155,600
Employer contributions subsequent to the measurement date	38,373	-
<b>Total</b>	<b>\$ 122,759</b>	<b>\$ 170,796</b>

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

\$38,373 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (18,711)
2018	(18,711)
2019	(18,711)
2020	(30,277)
	\$ (86,410)

**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:

<b>Inflation</b>	3.00 percent
<b>Salary Increase</b>	varies by amount of service credit
<b>Investment rate of return</b>	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.

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

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

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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
<b>Total</b>	<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.

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 #33’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #33’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.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 520,027	\$ 420,817	\$ 339,463

**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*.

NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS

The Regional Office of Education #33 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 Medicare Advantage plans.

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

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

**On-behalf contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #33. 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 \$3,711, and the Regional Office of Education #33 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 2014 were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of ROE employees were \$936 and \$852, respectively.

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NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS (Concluded)

**Employer contributions to the THIS Fund.** The Regional Office of Education #33 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016, and 0.76 and 0.72 percent during the years ended June 30, 2015 and 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education #33 paid \$2,775 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2015 and 2014, the Regional Office paid \$697 and \$633 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

In addition, the ROE allows IMRF employees, who retire through the ROE’s plan disclosed in Note 3, the option to continue in the ROE’s health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the ROE’s health insurance plan is considered a community rated plan. In addition, the ROE has no explicit subsidy as defined in GASB S-45.

NOTE 6 – RISK MANAGEMENT

The Regional Office of Education #33 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 Regional Office of Education #33 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 7 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund balances due to/from other funds at June 30, 2016, consist of the following individual due to/from other funds in the Governmental Funds Balance Sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
General Fund	\$ 403,635	\$ 6,179
Education Fund	-	397,456
	<u>\$ 403,635</u>	<u>\$ 403,635</u>

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NOTE 7 – INTERFUND ACTIVITY (Concluded)

TRANSFERS (Concluded)

Interfund transfers in/out to other funds at June 30, 2016, consist of the following individual transfers in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

Fund	Transfer In	Transfer Out
General Fund:		
General Operations	\$ -	\$ 926
General State Aid	-	25,886
Incoming Freshman Academy	16	-
Workshops	-	235
Drop Out Summit	-	5
Knox County Registrations	-	180
Education Fund:		
ROE/ISC Operations	23,003	-
Truants Alternative Education	4,594	-
Adult Education and Family Literacy - State Basic	124	-
ARRA - Education Jobs	1,330	-
Western Illinois Investment Grant	5,127	-
Workforce Investment	-	6,962
	<u>\$ 34,194</u>	<u>\$ 34,194</u>

NOTE 8 – OPERATING LEASES

The Regional Office of Education #33 leases classroom and office space from various parties. During the fiscal year 2016, the Regional Office of Education #33 leased classroom and office space located at Willits School from Monmouth-Roseville CUSD #238 for \$2,785 per month. The lease term began on July 1, 2015, and ends on June 30, 2018. As of July 1, 2016 the month rent was reduced to \$2,000 for the remaining lease term.

The Regional Office of Education #33 also leased classrooms and office space located at 235 E Main St., Galesburg, IL 61401 from M.A.K. Properties, for \$1,200 per month. The lease term began on August 18, 2015, and ends on August 17, 2017.

The Regional Office of Education #33 leases office space and parking lot space located on 2004 SE 3<sup>rd</sup> St., Aledo, Illinois for \$500 per month. The lease term is from July 1, 2015, to June 30, 2016.

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NOTE 8 – OPERATING LEASES (Concluded)

Total lease expense for the year ended June 30, 2016, was \$52,024. Future minimum lease payments are as follows for the years ending June 30:

2017		\$	38,400
2018			25,800
2019			-
2020			-
2021			-
2022 and thereafter			-
			64,200
			\$ 64,200

NOTE 9 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #33 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets consist of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2016:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Consolidation</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:				
Furniture and Equipment	\$ 34,936	\$ 13,782	\$ 8,864	\$ 57,582
Governmental Activities Total Assets	34,936	13,782	8,864	57,582
Less Accumulated Depreciation	<u>31,825</u>	<u>3,443</u>	<u>4,589</u>	<u>39,857</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 3,111</u>	<u>\$ 10,339</u>	<u>\$ 4,275</u>	<u>\$ 17,725</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 \$3,443 was charged to the governmental activities instructional services function 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.

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NOTE 10 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #33:

Regional Superintendent Salary	\$ 107,208
Assistant Regional Superintendents’ Salaries	96,492
Regional Superintendent Benefits (includes State-paid insurance)	38,822
Assistant Regional Superintendents’ Benefits (includes State-paid insurance)	34,648
THIS Contributions	<u>3,711</u>
Total	<u>\$ 280,881</u>

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

Regional Office of Education #33 also recorded \$164,844 in revenue and expenses as on-behalf payments from ISBE for the Regional Office’s share of the State’s Teachers’ Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #33 has not included any on-behalf payments related to the State’s TRS pension expense for the Regional Superintendent or Assistant Regional Superintendents.

State of Illinois on-behalf payments	\$ 280,881
ROE #33’s share of TRS pension expense	<u>164,844</u>
Total	<u>\$ 445,725</u>

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #33’s General Fund, Education Fund, Nonmajor Special Revenue Funds, and Fiduciary Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

<u>General Fund</u>	
Local Governments	\$ 60,478
<u>Education Fund</u>	
Illinois State Board of Education	355,955
Department of Human Services	82,031
<u>Nonmajor Special Revenue Funds</u>	
Illinois State Board of Education	1,365
<u>Fiduciary Funds</u>	
Department of Human Services	<u>1,452,752</u>
Total	<u>\$1,952,581</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments:

<u>General Fund</u>	
Local Governments	\$ 4,579
<u>Education Fund</u>	
Local Governments	19,028
<u>Fiduciary Funds</u>	
Local Governments	<u>1,453,816</u>
Total	<u>\$1,477,423</u>

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net position and funds which overexpend appropriations during the year are required to be disclosed. The following funds had fund deficits as of June 30, 2016:

<u>Fund</u>	<u>Amount</u>
Education Fund	
State Free Lunch and Breakfast	\$ 1,270
Adult Education and Family Literacy – State Basic	25,582
Adult Education and Family Literacy – State Performance	<u>10,688</u>
	<u>\$ 37,540</u>

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013, and directed certain other consolidations. Effective July 1, 2015, Knox County Regional Office of Education #33 consolidated Henderson, Mercer, and Warren Counties Regional Office of Education #27 into its educational service region.

During the consolidation, the Regional Office of Education #33 acquired capital assets with a value of \$4,275. These capital assets are reflected in the July 1, 2015 balance of Governmental Activities. The opening net position of the governmental activities on the government-wide Statement of Activities has been restated. Also Note 9 for changes in the capital asset values.

The Regional Office of Education #33 implemented GASB Statement Nos. 68 and 71 in fiscal year 2015 and, therefore, restated July 1, 2014, net pension to recognize deferred outflows of resources, deferred inflows of resources, and net pension liability in the prior year related to IMRF and TRS. During the consolidation process, the Regional Office of Education #33 acquired the deferred outflows of resources, deferred inflows of resources, and net pension liability from Henderson, Mercer, and Warren Counties Regional Office of Education #27. The net ending balance of the deferred outflows of resources, deferred inflows of resources, and net pension liability relating to TRS and IMRF in the prior year was \$(425,131).

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Continued)

In June 2015, prior to the July 1, 2015 consolidation date for the Regional Offices of Education (ROE) #27 and #33, the Regional Superintendent of ROE #27, who was also Regional Superintendent elect of the consolidated ROE #33, opened a checking account in the name of ROE #33 and transferred \$791,000 from ROE #27's checking account to the new account. The cash never left the custody of the Regional Superintendent of ROE #27, however, it was recorded as a reduction of cash and a payment to other governments in ROE #27's June 30, 2015 financial statements. This resulted in an understatement of cash and net position and overstatement of payments to other governments of \$791,000 in the June 30, 2015 financial statements of ROE #27 and subsequently a \$791,000 understatement in beginning balances of cash and net position for the consolidated financial statements of ROE #33 at July 1, 2015. An adjustment was needed to correct this error.

The following beginning balances have been restated as follows:

General Fund

Fund Balance - Beginning	\$ 25,520
Effect of Correcting Prior Year Error	791,000
Effect of Consolidation on Opening Fund Balance	<u>286,775</u>
Fund Balance - Beginning, Restated	<u><u>\$ 1,103,295</u></u>

Education Fund

Fund Balance - Beginning	\$ 899
Effect of Consolidation on Opening Fund Balance	<u>36,821</u>
Fund Balance - Beginning, Restated	<u><u>\$ 37,720</u></u>

Nonmajor Special Revenue Funds

Fund Balance - Beginning	\$ 8,566
Effect of Consolidation on Opening Fund Balance	<u>33,207</u>
Fund Balance - Beginning, Restated	<u><u>\$ 41,773</u></u>

In the prior year the Institute fund was reported as a major fund in the Regional Office's governmental funds, however, based on the required calculation it will be reported as a non-major fund in the current year. The Institute fund is not included in the restatement of the non-major fund balance above.

In addition to the adjustment noted above an additional adjustment in the amount of \$533 was needed to correct the beginning net position for the Statement of Activities at July 1, 2016.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Continued)

<u>Proprietary Fund</u>	
Net Position - Beginning	\$ -
Effect of Consolidation on Opening Net Position	42,871
Net Position - Beginning, Restated	<u>\$ 42,871</u>
 <u>Governmental Activities Net Position</u>	
Net Position - July 1, 2015	\$ 80,053
Effect of Correcting Prior Year Error	791,533
Effect of Consolidation on Opening Net Position	398,971
Effect of Recognizing Net Deferred Outflows, Inflows, and Net Pension Liability	(425,131)
Net Position, Restated - July 1, 2015	<u>\$ 845,426</u>
 <u>Business - Type Activities Net Position</u>	
Net Position - Beginning	\$ -
Effect of Consolidation on Opening Net Position	42,871
Net Position - Beginning, Restated	<u>\$ 42,871</u>

During the consolidation, the Regional Office of Education #33 received \$42,871 in cash and cash equivalents related to business-type activities. The beginning cash balances of the business-type activities on the Proprietary Fund Statement of Cash Flows have been restated to reflect these cash balances.

The following beginning cash balances have been restated as follows:

<u>Business-Type Activities Cash</u>	
Cash and Cash Equivalents - Beginning	\$ -
Effect of Consolidation on Opening Cash and Cash Equivalents Balance	42,871
Cash and Cash Equivalents - Beginning, Restated	<u>\$ 42,871</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Concluded)

Regional Office of Education #33 began operations on July 1, 2015, and was formed from the merger of Knox County Regional Office of Education #33 and Henderson, Mercer, and Warren Counties Regional Office of Education #27. The merger resulted from the Illinois State Board of Education’s adoption of a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013. The initial opening balances of Henderson, Knox, Mercer, and Warren Counties Regional Office of Education #33’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of Knox County Regional Office of Education #33 and Henderson, Mercer, and Warren Counties Regional Office of Education #27 as of July 1, 2015, as follows:

Merger of Operations as of July 1, 2015

	ROE #27	ROE #33	Corrections	Total
Total Current Assets	\$ 437,706	\$ 94,450	\$ -	\$ 532,156
Total Noncurrent Assets	4,275	3,111	-	7,386
Total Assets	<u>441,981</u>	<u>97,561</u>	<u>-</u>	<u>539,542</u>
Deferred Outflows of Resources	<u>251,706</u>	<u>537</u>	<u>-</u>	<u>252,243</u>
Total Current Liabilities	138	6,270	-	6,408
Total Noncurrent Liabilities	577,308	8,691	-	585,999
Total Liabilities	<u>577,446</u>	<u>14,961</u>	<u>-</u>	<u>592,407</u>
Deferred Inflows of Resources	<u>99,530</u>	<u>3,084</u>	<u>-</u>	<u>102,614</u>
Net Position:				
Investment in Capital Assets	4,275	3,111	-	7,386
Restricted - Other	107,922	62,660	791,533	962,115
Unrestricted	(95,486)	14,282	-	(81,204)
Total Net Position	<u>\$ 16,711</u>	<u>\$ 80,053</u>	<u>\$ 791,533</u>	<u>\$ 888,297</u>

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

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 LAST TWO CALENDAR YEARS

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 46,790	\$ 50,889
Interest on the Total Pension Liability	96,903	90,733
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	66,475	(93,163)
Changes of Assumptions	-	56,262
Benefit Payments, including Refunds of Employee Contributions	(22,432)	(18,385)
<b>Net Change in Total Pension Liability</b>	<u>187,736</u>	<u>86,336</u>
 <b>Total Pension Liability - Beginning (Restated)</b>	 <u>1,279,856</u>	 <u>1,193,520</u>
 <b>Total Pension Liability - Ending (A)</b>	 <u><u>\$ 1,467,592</u></u>	 <u><u>\$ 1,279,856</u></u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 51,500	\$ 46,073
Contributions - Employees	21,967	17,858
Net Investment Income	(22,368)	2,624
Benefit Payments, including Refunds of Employee Contributions	(22,432)	(20,936)
Other (Net Transfer)	3,147	(35)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>31,814</u>	<u>45,584</u>
 <b>Plan Fiduciary Net Position - Beginning</b>	 <u>1,267,787</u>	 <u>1,222,203</u>
 <b>Plan Fiduciary Net Position - Ending (B)</b>	 <u><u>\$ 1,299,601</u></u>	 <u><u>\$ 1,267,787</u></u>
 <b>Net Pension Liability - Ending (A) - (B)</b>	 <u><u>\$ 167,991</u></u>	 <u><u>\$ 12,069</u></u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	 88.55%	 99.06%
 <b>Covered Valuation Payroll</b>	 \$ 488,152	 \$ 406,149
 <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	 34.41%	 2.97%

**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.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 LAST TWO CALENDAR YEARS

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	\$ 51,500	\$ 51,500	\$ -	\$ 488,152	10.55%
2014	44,636	46,073	(1,437)	406,149	11.34%

**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>	7.50%
<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% 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.

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 FOR THE YEAR ENDED JUNE 30, 2016 †

	FY15*	FY14*
Employer's proportion of the net pension liability	0.0006423704%	0.0009430612%
Employer's proportionate share of the net pension liability	\$ 420,817	\$ 573,930
State's proportionate share of the net pension liability associated with the employer	2,012,052	2,567,901
<b>Total</b>	<b>\$ 2,432,869</b>	<b>\$ 3,141,831</b>
Employer's covered-employee payroll	\$ 373,595	\$ 461,262
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.6%	124.4%
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  
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
 FOR THE YEAR ENDED JUNE 30, 2016 †

	FY16	FY15	FY14
Statutorily-required contribution	\$ 40,483	\$ 20,997	\$ 35,724
Contributions in relation to the statutorily-required contribution	38,373	20,902	35,201
Contribution deficiency (excess)	<b>\$ 2,110</b>	<b>\$ 95</b>	<b>\$ 523</b>
Employer's covered-employee payroll	\$ 346,828	\$ 373,595	\$ 461,262
Contributions as a percentage of covered-employee payroll	11.06%	5.59%	7.63%

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

**Notes to This 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent, and real return of 4.5 percent, and salary increases of 5.75 percent.

OTHER SUPPLEMENTAL INFORMATION

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2016

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Incoming Freshman Academy	American College Test (ACT) Class
<b>ASSETS</b>						
Cash and cash equivalents	\$ 139,220	\$ 589,105	\$ 14,535	\$ -	\$ -	\$ 11,403
Due from other funds	-	403,635	-	-	-	-
Due from other governments:						
Local	39,416	-	-	21,062	-	-
<b>TOTAL ASSETS</b>	<b>\$ 178,636</b>	<b>\$ 992,740</b>	<b>\$ 14,535</b>	<b>\$ 21,062</b>	<b>\$ -</b>	<b>\$ 11,403</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ 6,179	\$ -	\$ -
Due to other governments:						
Local	-	-	4,579	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>4,579</b>	<b>6,179</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>18,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>						
Assigned	-	-	9,956	14,883	-	11,403
Unassigned	160,109	992,740	-	-	-	-
<b>Total Fund Balance</b>	<b>160,109</b>	<b>992,740</b>	<b>9,956</b>	<b>14,883</b>	<b>-</b>	<b>11,403</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 178,636</b>	<b>\$ 992,740</b>	<b>\$ 14,535</b>	<b>\$ 21,062</b>	<b>\$ -</b>	<b>\$ 11,403</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2016

	Criminal Background Investigation	Testing Center	Workshops	Drop Out Summit	Knox County Registrations	TOTALS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,438	\$ 2,028	\$ -	\$ -	\$ -	\$ 770,729
Due from other funds	-	-	-	-	-	403,635
Due from other governments:						
Local	-	-	-	-	-	60,478
<b>TOTAL ASSETS</b>	<b>\$ 14,438</b>	<b>\$ 2,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,234,842</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,179
Due to other governments:						
Local	-	-	-	-	-	4,579
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,758</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,527</b>
<b>FUND BALANCE</b>						
Assigned	14,438	2,028	-	-	-	52,708
Unassigned	-	-	-	-	-	1,152,849
<b>Total Fund Balance</b>	<b>14,438</b>	<b>2,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,205,557</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 14,438</b>	<b>\$ 2,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,234,842</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2016

	General Operations	General State Aid	Even Start Local	High Roads Youth Programs	Incoming Freshman Academy	American College Test (ACT) Class
<b>REVENUES</b>						
Local sources	\$ 188,181	\$ 60,191	\$ 34,421	\$ 141,312	\$ -	\$ 5,500
State sources	-	305,958	-	-	-	-
On-behalf payments - State	280,881	-	-	-	-	-
Investment earnings	1,812	-	-	-	-	-
Total Revenues	<u>470,874</u>	<u>366,149</u>	<u>34,421</u>	<u>141,312</u>	<u>-</u>	<u>5,500</u>
<b>EXPENDITURES</b>						
Salaries and benefits	116,368	163,503	21,056	88,547	-	2,791
Pension expense	9,500	4,749	1,160	3,790	-	16
Purchased services	70,641	50,625	6,239	34,498	-	243
Supplies and materials	5,863	6,437	1,966	11,956	-	2,489
On-behalf payments - State	280,881	-	-	-	-	-
Capital outlay	13,273	-	-	-	-	-
Total Expenditures	<u>496,526</u>	<u>225,314</u>	<u>30,421</u>	<u>138,791</u>	<u>-</u>	<u>5,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,652)</u>	<u>140,835</u>	<u>4,000</u>	<u>2,521</u>	<u>-</u>	<u>(39)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	16	-
Transfers out	<u>(926)</u>	<u>(25,886)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>(25,886)</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(26,578)	114,949	4,000	2,521	16	(39)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 13)	<u>186,687</u>	<u>877,791</u>	<u>5,956</u>	<u>12,362</u>	<u>(16)</u>	<u>11,442</u>
FUND BALANCE - ENDING	<u>\$ 160,109</u>	<u>\$ 992,740</u>	<u>\$ 9,956</u>	<u>\$ 14,883</u>	<u>\$ -</u>	<u>\$ 11,403</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Criminal Background Investigation	Testing Center	Workshops	Drop Out Summit	Knox County Registrations	TOTALS
<b>REVENUES</b>						
Local sources	\$ 16,140	\$ 2,128	\$ -	\$ -	\$ -	\$ 447,873
State sources	-	-	-	-	-	305,958
On-behalf payments - State	-	-	-	-	-	280,881
Investment earnings	-	-	-	-	-	1,812
<b>Total Revenues</b>	<b>16,140</b>	<b>2,128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,036,524</b>
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	-	-	-	392,265
Pension expense	-	-	-	-	-	19,215
Purchased services	10,355	-	-	-	-	172,601
Supplies and materials	-	100	-	-	-	28,811
On-behalf payments - State	-	-	-	-	-	280,881
Capital outlay	-	-	-	-	-	13,273
<b>Total Expenditures</b>	<b>10,355</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>907,046</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,785</b>	<b>2,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,478</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	16
Transfers out	-	-	(235)	(5)	(180)	(27,232)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(235)</b>	<b>(5)</b>	<b>(180)</b>	<b>(27,216)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,785</b>	<b>2,028</b>	<b>(235)</b>	<b>(5)</b>	<b>(180)</b>	<b>102,262</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 13)</b>	<b>8,653</b>	<b>-</b>	<b>235</b>	<b>5</b>	<b>180</b>	<b>1,103,295</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 14,438</b>	<b>\$ 2,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,205,557</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2016

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 273	\$ -	\$ 8,557	\$ -
Due from other governments:					
State	-	-	-	6,781	3,752
Federal	4,711	968	265	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,711</b>	<b>\$ 1,241</b>	<b>\$ 265</b>	<b>\$ 15,338</b>	<b>\$ 3,752</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 845	\$ -	\$ -	\$ -
Due to other funds	2,836	-	94	-	3,752
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	-	-	10,561	-
<b>Total Liabilities</b>	<b>2,836</b>	<b>845</b>	<b>94</b>	<b>10,561</b>	<b>3,752</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	1,875	396	171	4,777	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>1,875</b>	<b>396</b>	<b>171</b>	<b>4,777</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 4,711</b>	<b>\$ 1,241</b>	<b>\$ 265</b>	<b>\$ 15,338</b>	<b>\$ 3,752</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2016

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 25,089
Due from other governments:					
State	70,322	-	18,580	-	-
Federal	-	108,702	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 70,322</b>	<b>\$ 108,702</b>	<b>\$ 18,580</b>	<b>\$ -</b>	<b>\$ 25,089</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	70,322	108,702	13,198	1,270	-
Due to other governments:					
Local	-	-	-	-	-
State	-	-	5,382	-	-
Federal	-	-	-	-	13,508
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>70,322</b>	<b>108,702</b>	<b>18,580</b>	<b>1,270</b>	<b>13,508</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	-	-	-	-	11,581
Unassigned	-	-	-	(1,270)	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,270)</b>	<b>11,581</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 70,322</b>	<b>\$ 108,702</b>	<b>\$ 18,580</b>	<b>\$ -</b>	<b>\$ 25,089</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2016

	School Breakfast Program	Ounce of Prevention CLASS	Ounce of Prevention Conscience Discipline	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,502	\$ -	\$ -	\$ 170,383	\$ -
Due from other governments:					
State	-	-	-	-	80,716
Federal	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,383</b>	<b>\$ 80,716</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	80,716
Due to other governments:					
Local	-	-	-	-	-
State	-	-	-	-	-
Federal	-	-	-	-	-
Unearned revenue	-	-	-	170,383	-
Total Liabilities	-	-	-	170,383	80,716
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>					
Restricted	6,502	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	6,502	-	-	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 6,502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,383</b>	<b>\$ 80,716</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2016

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance
<b>ASSETS</b>						
Cash and cash equivalents	\$ 138	\$ -	\$ -	\$ -	\$ -	\$ 650
Due from other governments:						
State	-	-	-	25,582	11,606	-
Federal	-	29,259	31,899	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 138</b>	<b>\$ 29,259</b>	<b>\$ 31,899</b>	<b>\$ 25,582</b>	<b>\$ 11,606</b>	<b>\$ 650</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	16,583	31,899	25,582	10,688	-
Due to other governments:						
Local	138	-	-	-	-	-
State	-	-	-	-	-	-
Federal	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>138</b>	<b>16,583</b>	<b>31,899</b>	<b>25,582</b>	<b>10,688</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,582</b>	<b>11,606</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	12,676	-	-	-	650
Unassigned	-	-	-	(25,582)	(10,688)	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>12,676</b>	<b>-</b>	<b>(25,582)</b>	<b>(10,688)</b>	<b>650</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 138</b>	<b>\$ 29,259</b>	<b>\$ 31,899</b>	<b>\$ 25,582</b>	<b>\$ 11,606</b>	<b>\$ 650</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2016

	Federal Adult Education - Basic	Gifted Education	ARRA - Education Jobs	Workforce Investment	Western Illinois Investment Grant	TOTALS
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ 211,677
Due from other governments:						
State	-	-	-	-	-	217,339
Federal	44,843	-	-	-	-	220,647
<b>TOTAL ASSETS</b>	<b>\$ 44,843</b>	<b>\$ 85</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 649,663</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 845
Due to other funds	31,814	-	-	-	-	397,456
Due to other governments:						
Local	-	-	-	-	-	138
State	-	-	-	-	-	5,382
Federal	-	-	-	-	-	13,508
Unearned revenue	-	-	-	-	-	180,944
Total Liabilities	31,814	-	-	-	-	598,273
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,188</b>
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	13,029	85	-	-	-	51,742
Unassigned	-	-	-	-	-	(37,540)
Total Fund Balance (Deficit)	13,029	85	-	-	-	14,202
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, &amp; FUND BALANCE (DEFICIT)</b>	<b>\$ 44,843</b>	<b>\$ 85</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 649,663</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2016

	McKinney Education for Homeless Children	Title II - Teacher Leadership	Title II - Teacher Quality	Regional Safe Schools	Regional Safe Schools Cooperative
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ -	\$ 50,460	\$ 28,436
Federal sources	10,197	2,468	465	-	-
Total Revenues	<u>10,197</u>	<u>2,468</u>	<u>465</u>	<u>50,460</u>	<u>28,436</u>
<b>EXPENDITURES</b>					
Salaries and benefits	6,461	-	-	49,023	21,050
Pension expense	1,438	-	-	1,099	-
Purchased services	1,305	2,468	200	338	4,553
Supplies and materials	265	-	265	-	2,833
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>9,469</u>	<u>2,468</u>	<u>465</u>	<u>50,460</u>	<u>28,436</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	728	-	-	-	-
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>1,147</u>	<u>396</u>	<u>171</u>	<u>4,777</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 1,875</u>	<u>\$ 396</u>	<u>\$ 171</u>	<u>\$ 4,777</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2016

	ROE/ISC Operations	Title I - Foundational Services	Truants Alternative Education	State Free Lunch and Breakfast	National School Lunch Program
<b>REVENUES</b>					
State sources	\$ 70,322	\$ -	\$ 106,078	\$ 222	\$ -
Federal sources	-	194,466	-	-	18,728
Total Revenues	<u>70,322</u>	<u>194,466</u>	<u>106,078</u>	<u>222</u>	<u>18,728</u>
<b>EXPENDITURES</b>					
Salaries and benefits	32,403	132,286	90,247	-	-
Pension expense	190	17,758	4,334	-	-
Purchased services	30,463	43,772	11,497	1,234	27,768
Supplies and materials	7,266	5,070	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>70,322</u>	<u>198,886</u>	<u>106,078</u>	<u>1,234</u>	<u>27,768</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(4,420)</u>	<u>-</u>	<u>(1,012)</u>	<u>(9,040)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	23,003	-	4,594	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>23,003</u>	<u>-</u>	<u>4,594</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	23,003	(4,420)	4,594	(1,012)	(9,040)
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>(23,003)</u>	<u>4,420</u>	<u>(4,594)</u>	<u>(258)</u>	<u>20,621</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,270)</u>	<u>\$ 11,581</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2016

	School Breakfast Program	Ounce of Prevention CLASS	Ounce of Prevention Conscience Discipline	Early Childhood Grant (3705-00)	Early Childhood Block Grant (3705-01)
<b>REVENUES</b>					
State sources	\$ -	\$ 1,390	\$ 1,018	\$ 497,671	\$ 80,716
Federal sources	6,852	-	-	-	-
Total Revenues	<u>6,852</u>	<u>1,390</u>	<u>1,018</u>	<u>497,671</u>	<u>80,716</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	-	-	110,995	66,099
Pension expense	-	-	-	6,241	3,697
Purchased services	133	605	633	22,940	9,534
Supplies and materials	-	785	385	2,552	2,115
Capital outlay	-	-	-	509	-
Payments to other governments	-	-	-	365,522	-
Total Expenditures	<u>133</u>	<u>1,390</u>	<u>1,018</u>	<u>508,759</u>	<u>81,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,719</u>	<u>-</u>	<u>-</u>	<u>(11,088)</u>	<u>(729)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,719	-	-	(11,088)	(729)
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>(217)</u>	<u>-</u>	<u>-</u>	<u>11,088</u>	<u>729</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 6,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Early Childhood - Monitoring	Title IV 21st Century Community Learning Center (4421 - 13)	Title IV 21st Century Community Learning Center (4421 - 15)	Adult Education and Family Literacy - State Basic	Adult Education and Family Literacy - State Performance	Adult Education and Family Literacy - Public Assistance
<b>REVENUES</b>						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	114,924	171,345	-	-	-
Total Revenues	-	114,924	171,345	-	-	-
<b>EXPENDITURES</b>						
Salaries and benefits	-	88,353	137,321	25,107	11,358	-
Pension expense	-	15,602	18,718	421	227	-
Purchased services	-	2,754	3,857	54	21	-
Supplies and materials	-	1,065	4,586	-	-	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	7,150	6,863	-	-	-
Total Expenditures	-	114,924	171,345	25,582	11,606	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(25,582)	(11,606)	-
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	124	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	124	-	-
NET CHANGE IN FUND BALANCE	-	-	-	(25,458)	(11,606)	-
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	-	12,676	-	(124)	918	650
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ 12,676	\$ -	\$ (25,582)	\$ (10,688)	\$ 650

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2016

	Federal Adult Education - Basic	Gifted Education	ARRA - Education Jobs	Workforce Investment	Western Illinois Investment Grant	TOTALS
REVENUES						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,313
Federal sources	44,843	-	-	-	-	564,288
Total Revenues	<u>44,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400,601</u>
EXPENDITURES						
Salaries and benefits	35,277	-	-	-	-	805,980
Pension expense	3,387	-	-	-	-	73,112
Purchased services	883	-	-	-	-	165,012
Supplies and materials	-	-	-	-	-	27,187
Capital outlay	-	-	-	-	-	509
Payments to other governments	-	-	-	-	-	379,535
Total Expenditures	<u>39,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,734)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	1,330	-	5,127	34,178
Transfers out	-	-	-	(6,962)	-	(6,962)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,330</u>	<u>(6,962)</u>	<u>5,127</u>	<u>27,216</u>
NET CHANGE IN FUND BALANCE	5,296	-	1,330	(6,962)	5,127	(23,518)
FUND BALANCE (DEFICIT)- BEGINNING, Restated (See Note 13)	<u>7,733</u>	<u>85</u>	<u>(1,330)</u>	<u>6,962</u>	<u>(5,127)</u>	<u>37,720</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 13,029</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,202</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
Federal sources	\$ 10,196	\$ 10,196	\$ 10,197
Total Revenue	<u>10,196</u>	<u>10,196</u>	<u>10,197</u>
<b>EXPENDITURES</b>			
Salaries and benefits	8,850	8,850	6,461
Pension expense	-	-	1,438
Purchased services	1,096	1,096	1,305
Supplies and materials	250	250	265
Total Expenditures	<u>10,196</u>	<u>10,196</u>	<u>9,469</u>
NET CHANGE IN FUND BALANCE	-	-	728
FUND BALANCE - BEGINNING, Restated (See Note 13)	<u>-</u>	<u>-</u>	<u>1,147</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,875</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 2,468	\$ 2,468	\$ 2,468
Total Revenue	<u>2,468</u>	<u>2,468</u>	<u>2,468</u>
EXPENDITURES			
Purchased services	<u>2,468</u>	<u>2,468</u>	<u>2,468</u>
Total Expenditures	<u>2,468</u>	<u>2,468</u>	<u>2,468</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING, Restated (See Note 13)	<u>-</u>	<u>-</u>	<u>396</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 465	\$ 465	\$ 465
Total Revenue	<u>465</u>	<u>465</u>	<u>465</u>
EXPENDITURES			
Purchased services	465	465	200
Supplies and materials	-	-	265
Total Expenditures	<u>465</u>	<u>465</u>	<u>465</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING, Restated (See Note 13)	<u>-</u>	<u>-</u>	<u>171</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 171</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
State sources	\$ 61,021	\$ 61,021	\$ 50,460
Total Revenue	<u>61,021</u>	<u>61,021</u>	<u>50,460</u>
<b>EXPENDITURES</b>			
Salaries and benefits	60,970	60,970	49,023
Pension expense	-	-	1,099
Purchased services	51	51	338
Total Expenditures	<u>61,021</u>	<u>61,021</u>	<u>50,460</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING, Restated (See Note 13)	 -	 -	 <u>4,777</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,777</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS COOPERATIVE  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
State sources	\$ 37,026	\$ 37,026	\$ 28,436
Total Revenue	<u>37,026</u>	<u>37,026</u>	<u>28,436</u>
<b>EXPENDITURES</b>			
Salaries and benefits	25,362	27,362	21,050
Purchased services	8,664	6,664	4,553
Supplies and materials	3,000	3,000	2,833
Total Expenditures	<u>37,026</u>	<u>37,026</u>	<u>28,436</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 71,443	\$ 71,514	\$ 70,322
Total Revenue	<u>71,443</u>	<u>71,514</u>	<u>70,322</u>
<b>EXPENDITURES</b>			
Salaries and benefits	33,718	33,789	32,403
Pension expense	-	-	190
Purchased services	30,404	30,404	30,463
Supplies and materials	7,321	7,321	7,266
Total Expenditures	<u>71,443</u>	<u>71,514</u>	<u>70,322</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (Uses):</b>			
Transfer in	-	-	23,003
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>23,003</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	23,003
<b>FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 13)</b>			
	<u>-</u>	<u>-</u>	<u>(23,003)</u>
<b>FUND BALANCE - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE I - FOUNDATIONAL SERVICES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 43,144	\$ 58,278	\$ 194,466
Total Revenue	<u>43,144</u>	<u>58,278</u>	<u>194,466</u>
<b>EXPENDITURES</b>			
Salaries and benefits	-	-	132,286
Pension expense	-	-	17,758
Purchased services	41,509	56,317	43,772
Supplies and materials	1,635	1,961	5,070
Total Expenditures	<u>43,144</u>	<u>58,278</u>	<u>198,886</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (4,420)
 FUND BALANCE - BEGINNING, Restated (See Note 13)	 -	 -	 4,420
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 111,460	\$ 111,460	\$ 106,078
Total Revenue	<u>111,460</u>	<u>111,460</u>	<u>106,078</u>
EXPENDITURES			
Salaries and benefits	99,526	99,526	90,247
Pension expense	-	-	4,334
Purchased services	11,934	11,934	11,497
Total Expenditures	<u>111,460</u>	<u>111,460</u>	<u>106,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	4,594
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,594</u>
NET CHANGE IN FUND BALANCE	-	-	4,594
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(4,594)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD GRANT (3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 768,054	\$ 768,054	\$ 497,671
Total Revenue	<u>768,054</u>	<u>768,054</u>	<u>497,671</u>
<b>EXPENDITURES</b>			
Salaries and benefits	178,422	153,422	110,995
Pension expense	-	-	6,241
Purchased services	25,411	31,211	22,940
Supplies and materials	5,578	15,078	2,552
Capital outlay	500	500	509
Payments to other governments	558,143	567,843	365,522
Total Expenditures	<u>768,054</u>	<u>768,054</u>	<u>508,759</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (11,088)
 FUND BALANCE - BEGINNING, Restated (See Note 13)	 -	 -	 11,088
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 90,228	\$ 90,228	\$ 80,716
Total Revenue	<u>90,228</u>	<u>90,228</u>	<u>80,716</u>
<b>EXPENDITURES</b>			
Salaries and benefits	74,078	72,478	66,099
Pension expense	-	-	3,697
Purchased services	13,203	13,103	9,534
Supplies and materials	2,947	4,647	2,115
Total Expenditures	<u>90,228</u>	<u>90,228</u>	<u>81,445</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (729)
 FUND BALANCE - BEGINNING, Restated (See Note 13)	 -	 -	 729
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-13)  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 146,605	\$ 146,605	\$ 114,924
Total Revenue	<u>146,605</u>	<u>146,605</u>	<u>114,924</u>
<b>EXPENDITURES</b>			
Salaries and benefits	108,739	123,630	88,353
Pension expense	-	-	15,602
Purchased services	11,055	7,647	2,754
Supplies and materials	16,466	5,983	1,065
Payments to other governments	10,345	9,345	7,150
Total Expenditures	<u>146,605</u>	<u>146,605</u>	<u>114,924</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING, Restated (See Note 13)	 -	 -	 <u>12,676</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 12,676</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE IV 21ST CENTURY COMMUNITY LEARNING CENTER (4421-15)  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 268,234	\$ 268,234	\$ 171,345
Total Revenue	<u>268,234</u>	<u>268,234</u>	<u>171,345</u>
<b>EXPENDITURES</b>			
Salaries and benefits	223,176	228,476	137,321
Pension expense	-	-	18,718
Purchased services	16,076	13,276	3,857
Supplies and materials	9,800	9,800	4,586
Payments to other governments	19,182	16,682	6,863
Total Expenditures	<u>268,234</u>	<u>268,234</u>	<u>171,345</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE BASIC  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 25,583	\$ 25,583	\$ -
Total Revenue	<u>25,583</u>	<u>25,583</u>	<u>-</u>
EXPENDITURES			
Salaries and benefits	25,528	25,528	25,107
Pension expense	-	-	421
Purchased services	55	55	54
Total Expenditures	<u>25,583</u>	<u>25,583</u>	<u>25,582</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(25,582)</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	124
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>124</u>
NET CHANGE IN FUND BALANCE	-	-	(25,458)
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 13)	<u>-</u>	<u>-</u>	<u>(124)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,582)</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 ADULT EDUCATION AND FAMILY LITERACY - STATE PERFORMANCE  
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 11,606	\$ 11,606	\$ -
Total Revenue	<u>11,606</u>	<u>11,606</u>	<u>-</u>
EXPENDITURES			
Salaries and benefits	11,585	11,585	11,358
Pension expense	-	-	227
Purchased services	21	21	21
Total Expenditures	<u>11,606</u>	<u>11,606</u>	<u>11,606</u>
NET CHANGE IN FUND BALANCE	-	-	(11,606)
FUND BALANCE - BEGINNING, Restated (See Note 13)	<u>-</u>	<u>-</u>	<u>918</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,688)</u>

HENDERSON/KNOX/MERCER/WARREN  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 FEDERAL ADULT EDUCATION - BASIC  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 44,843	\$ 44,843	\$ 44,843
Total Revenue	<u>44,843</u>	<u>44,843</u>	<u>44,843</u>
<b>EXPENDITURES</b>			
Salaries and benefits	44,082	44,082	35,277
Pension expense	-	-	3,387
Purchased services	761	761	883
Total Expenditures	<u>44,843</u>	<u>44,843</u>	<u>39,547</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 5,296
 FUND BALANCE - BEGINNING, Restated (See Note 13)	 -	 -	 <u>7,733</u>
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 13,029</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Institute</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,602	\$ 13,440	\$ 102,522	\$ 117,564
Due from other governments - State	-	1,365	-	1,365
Accounts receivable	-	-	263	263
<b>TOTAL ASSETS</b>	<u>\$ 1,602</u>	<u>\$ 14,805</u>	<u>\$ 102,785</u>	<u>\$ 119,192</u>
<b>FUND BALANCE (DEFICIT)</b>				
Restricted	<u>\$ 1,602</u>	<u>\$ 14,805</u>	<u>\$ 102,785</u>	<u>\$ 119,192</u>
Total Fund Balance (Deficit)	<u>1,602</u>	<u>14,805</u>	<u>102,785</u>	<u>119,192</u>
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<u><u>\$ 1,602</u></u>	<u><u>\$ 14,805</u></u>	<u><u>\$ 102,785</u></u>	<u><u>\$ 119,192</u></u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 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 Training	Institute	TOTALS
<b>REVENUES</b>				
Local sources	\$ 270	\$ 1,784	\$ 33,774	\$ 35,828
State sources	-	1,365	-	1,365
Investment earnings	-	-	432	432
Total Revenues	<u>270</u>	<u>3,149</u>	<u>34,206</u>	<u>37,625</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	338	1,838	2,176
Purchased services	162	1,254	9,083	10,499
Supplies and materials	-	-	726	726
Total Expenditures	<u>162</u>	<u>1,592</u>	<u>11,647</u>	<u>13,401</u>
NET CHANGE IN FUND BALANCE	108	1,557	22,559	24,224
FUND BALANCE (DEFICIT) - BEGINNING, Restated (See Note 13)	<u>1,494</u>	<u>13,248</u>	<u>80,226</u>	<u>94,968</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ 1,602</u></u>	<u><u>\$ 14,805</u></u>	<u><u>\$ 102,785</u></u>	<u><u>\$ 119,192</u></u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Staff Development	Professional Development - Consortium	TOTALS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 37,031	\$ 48,103	\$ 85,134
TOTAL ASSETS	37,031	48,103	85,134
NET POSITION			
Unrestricted	37,031	48,103	85,134
TOTAL NET POSITION	\$ 37,031	\$ 48,103	\$ 85,134

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Funds		TOTALS
	Staff Development	Professional Development - Consortium	
OPERATING REVENUES			
Fees for services	\$ 12,001	\$ 74,389	\$ 86,390
Total Operating Revenues	<u>12,001</u>	<u>74,389</u>	<u>86,390</u>
OPERATING EXPENSES			
Salaries and benefits	-	21,106	21,106
Purchased services	17,185	-	17,185
Supplies and materials	656	5,180	5,836
Total Operating Expenses	<u>17,841</u>	<u>26,286</u>	<u>44,127</u>
OPERATING INCOME (LOSS)	(5,840)	48,103	42,263
NET POSITION - BEGINNING, Restated (See Note 13)	<u>42,871</u>	<u>-</u>	<u>42,871</u>
TOTAL NET POSITION - ENDING	<u>\$ 37,031</u>	<u>\$ 48,103</u>	<u>\$ 85,134</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		TOTALS
	Staff Development	Professional Development - Consortium	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 12,001	\$ 74,389	\$ 86,390
Payments to suppliers and providers of goods and services	(17,841)	(5,180)	(23,021)
Payments to employees	-	(21,106)	(21,106)
Net Cash Provided by (used for) Operating Activities	<u>(5,840)</u>	<u>48,103</u>	<u>42,263</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,840)	48,103	42,263
Cash and cash equivalents - Beginning - Restated (See Note 13)	<u>42,871</u>	<u>-</u>	<u>42,871</u>
Cash and cash equivalents - Ending	<u>\$ 37,031</u>	<u>\$ 48,103</u>	<u>\$ 85,134</u>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2016

	School Facility Occupation Tax	Knox County Substance Abuse Prevention Program	TOTALS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 249	\$ 815	\$ 1,064
Due from other governments	1,452,752	-	1,452,752
	<b>\$ 1,453,001</b>	<b>\$ 815</b>	<b>\$ 1,453,816</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,453,001</b>	<b>\$ 815</b>	<b>\$ 1,453,816</b>
<b>LIABILITIES</b>			
Due to other governments	\$ 1,453,001	\$ 815	\$ 1,453,816
<b>TOTAL LIABILITIES</b>	<b>\$ 1,453,001</b>	<b>\$ 815</b>	<b>\$ 1,453,816</b>

HENDERSON/KNOX/MERCER/WARREN COUNTIES  
 REGIONAL OFFICE OF EDUCATION #33  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 249	\$ 7,073,969	\$ 7,073,969	\$ 249
Due from other governments	378,702	1,452,752	378,702	1,452,752
Total Assets	<u>\$ 378,951</u>	<u>\$ 8,526,721</u>	<u>\$ 7,452,671</u>	<u>\$ 1,453,001</u>
LIABILITIES				
Due to other governments	\$ 378,951	\$ 8,526,721	\$ 7,452,671	\$ 1,453,001
Total Liabilities	<u>\$ 378,951</u>	<u>\$ 8,526,721</u>	<u>\$ 7,452,671</u>	<u>\$ 1,453,001</u>
 <u>KNOX COUNTY SUBSTANCE ABUSE PREVENTION PROGRAM</u>				
ASSETS				
Cash and cash equivalents	\$ 815	\$ -	\$ -	\$ 815
Total Assets	<u>\$ 815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815</u>
LIABILITIES				
Due to other governments	\$ 815	\$ -	\$ -	\$ 815
Total Liabilities	<u>\$ 815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,064	\$ 7,073,969	\$ 7,073,969	\$ 1,064
Due from other governments	378,702	1,452,752	378,702	1,452,752
Total Assets	<u>\$ 379,766</u>	<u>\$ 8,526,721</u>	<u>\$ 7,452,671</u>	<u>\$ 1,453,816</u>
LIABILITIES				
Due to other governments	\$ 379,766	\$ 8,526,721	\$ 7,452,671	\$ 1,453,816
Total Liabilities	<u>\$ 379,766</u>	<u>\$ 8,526,721</u>	<u>\$ 7,452,671</u>	<u>\$ 1,453,816</u>