

**STATE OF ILLINOIS
MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For the year ended June 30, 2016**

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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REGIONAL OFFICE OF EDUCATION NO. 45**

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REGIONAL OFFICE OF EDUCATION NO. 45**

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REGIONAL OFFICE OF EDUCATION NO. 45**

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**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

OFFICIALS

Regional Superintendent (Current and during the audit period) Mr. Kelton J.V. Davis

Assistant Regional Superintendent (Current and during the audit period)..... Mr. William C. Diddlebock

Offices are located at:

107 East Mill Street
Waterloo, Illinois 62298

Randolph County Courthouse
#1 Taylor Street
Chester, Illinois 62233

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

COMPLIANCE REPORT SUMMARY

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2016.

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2016.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2015-001	Controls over Financial Statement Preparation	Material Weakness
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2015.

EXIT CONFERENCE

The Monroe and Randolph Counties Regional Office of Education No. 45 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2016. Throughout the audit, numerous meetings were held between the auditors and Regional Office officials to discuss matters contained in this audit report.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Monroe and Randolph Counties Regional Office of Education No. 45 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements.

MEMBERS

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

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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe and Randolph Counties Regional Office of Education No. 45, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe and Randolph Counties Regional Office of Education No. 45, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 16A - 16H, and the Illinois Municipal Retirement Fund - Schedules of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedules of Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois - Schedules of Employer Contributions on pages 60 - 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance 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, budgetary comparison schedules, combining fund financial statements, Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund, and Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017, on our consideration of the Monroe and Randolph Counties Regional Office of Education No. 45'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 the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 19, 2017

MEMBERS

RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe and Randolph Counties Regional Office of Education No. 45, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Monroe and Randolph Counties Regional Office of Education No. 45's basic financial statements, and have issued our report thereon dated April 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monroe and Randolph Counties Regional Office of Education No. 45's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monroe and Randolph Counties Regional Office of Education No. 45's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 19, 2017

MEMBERS

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited Monroe and Randolph Counties Regional Office of Education No. 45's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Monroe and Randolph Counties Regional Office of Education No. 45's major federal program for the year ended June 30, 2016. The Monroe and Randolph Counties Regional Office of Education No. 45's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Monroe and Randolph Counties Regional Office of Education No. 45's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe and Randolph Counties Regional Office of Education No. 45's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Monroe and Randolph Counties Regional Office of Education No. 45's compliance.

Opinion on Each Major Federal Program

In our opinion, the Monroe and Randolph Counties Regional Office of Education No. 45 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Monroe and Randolph Counties Regional Office of Education No. 45 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monroe and Randolph Counties Regional Office of Education No. 45's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Monroe and Randolph Counties Regional Office of Education No. 45's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
April 19, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITORS’ RESULTS
For the year ended June 30, 2016**

Section I - Summary of Auditors’ Results

Financial Statements in accordance with GAAP

Type of auditors' report issued UNMODIFIED

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major federal programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.366B	Mathematics and Science Partnerships

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? yes X no

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2016**

Section II - Financial Statement Findings

No findings were noted for the year ended June 30, 2016.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the year ended June 30, 2016**

Section III - Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiencies:

None

Material Weaknesses:

None

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Corrective Action Plan

No findings were noted for the year ended June 30, 2016.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

Finding Number	Condition	Current Status
2015-001	Controls over Financial Statement Preparation	Not repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

As management of Monroe and Randolph Counties Regional Office of Education No. 45 (ROE No. 45), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the ROE No. 45 for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with ROE No. 45's financial statements, which follow this section.

2016 Financial Highlights

- The assets and deferred outflows of resources of Regional Office of Education No. 45 exceeded its liabilities and deferred inflows of resources by \$139,400 (net position). Of this amount, \$62,530 is restricted. Capital assets account for \$34,547 with no related debt.
- The Regional Office of Education No. 45's total net position increased by \$9,369. This change was mostly attributable to an increase in the net position of the business-type activities. The revenues of the business-type activities exceeded the expense by \$8,535. We did not receive any adult education state funding in 2016 when compared to \$43,875 in 2015. Federal revenue for the Mathematics and Science Partnership grants increased from \$36,918 in 2015 to \$638,117 in 2016.
- The capital assets (net) of Regional Office of Education No. 45 decreased by \$4,686 due to total depreciation expense of \$11,800, offset by capital asset additions of \$7,114. See Note 7 to the financial statements for further details.

Overview of the Financial Statements

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These financial statements provide information about the activities of ROE No. 45 as a whole and present an overall view of the Agency's finances in a manner similar to private sector businesses.
- The Fund Financial Statements illustrate how governmental services were financed in the short term, as well as what remains for future spending. Fund financial statements report ROE No. 45's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Overview of the Financial Statements (Continued)

- Other information includes combining financial statements and budgetary information for certain general fund accounts, education fund accounts, and other non-major accounts.

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of ROE No. 45's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all of ROE No. 45's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of ROE No. 45 is improving or deteriorating.

The *Statement of Activities* presents information showing how ROE No. 45's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, ROE No. 45's activities are divided into two categories:

- *Governmental activities*: Most of ROE No. 45's basic services are included here, such as regular and special education instruction, instructional staff support services, and administration. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities*: ROE No. 45 charges fees to help cover the costs of certain services it provides, such as workshops and conferences.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements - The *fund financial statements* provide detailed information about ROE No. 45's funds, focusing on its most significant or "major" funds, not ROE No. 45 as a whole. Funds are accounting devices ROE No. 45 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. ROE No. 45 establishes other funds to control and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of ROE No. 45 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* account for most of ROE No. 45's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By so doing, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ROE No. 45 maintains 5 individual governmental funds: the general fund, education fund, bus driver permit fund, general education development fund, and teachers' institute fund. Information is presented separately in the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund and education fund, both considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 and 21 of this report.

Proprietary funds - ROE No. 45 maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide statements. ROE No. 45 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Registration fund, and it is considered a major fund.

The proprietary fund required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support ROE No. 45's own programs.

The basic fiduciary fund statement can be found on page 26 of this report.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Overview of the Financial Statements (Concluded)

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-59 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning ROE No. 45. Overall budgeting is not a legal requirement for ROE No. 45. Accordingly, formal budgets are not adopted; and therefore, budgetary comparison schedules are not included in the required supplementary information (RSI). However, ROE No. 45 is the recipient of monies from the Illinois State Board of Education (ISBE) for most accounts within the education fund on which ISBE requires budgetary comparison to actual results. Budgetary comparison schedules have been provided for the ISBE accounts to demonstrate compliance. In addition, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board (ICCB). Budgetary comparison schedules have been included on pages 72-74 and 81-90 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and combining schedules for the general and education funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 65-71, 75-80, and 91-96 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of ROE No. 45, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$139,400 at the close of fiscal year 2016.

ROE No. 45's net position is split between governmental activities and business-type activities. The governmental activities' net position was a negative \$98,378, offset by the business-type activities' net position of \$237,778. Of the government-wide net position, approximately 25% is invested in capital assets, 45% restricted as to use, and the remaining 30% unrestricted as to use.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Government-wide Financial Analysis (Continued)

	ROE NO. 45's Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 708,374	\$ 684,875	\$ 237,809	\$ 223,229	\$ 946,183	\$ 908,104
Capital assets	<u>27,629</u>	<u>31,121</u>	<u>6,918</u>	<u>8,112</u>	<u>34,547</u>	<u>39,233</u>
Total assets	<u>736,003</u>	<u>715,996</u>	<u>244,727</u>	<u>231,341</u>	<u>980,730</u>	<u>947,337</u>
Deferred outflows of resources	<u>238,840</u>	<u>134,833</u>	<u>-</u>	<u>-</u>	<u>238,840</u>	<u>134,833</u>
Current liabilities	33,558	38,367	6,949	2,098	40,507	40,465
Net pension liability	<u>930,240</u>	<u>814,640</u>	<u>-</u>	<u>-</u>	<u>930,240</u>	<u>814,640</u>
Total liabilities	<u>963,798</u>	<u>853,007</u>	<u>6,949</u>	<u>2,098</u>	<u>970,747</u>	<u>855,105</u>
Deferred inflows of resources	<u>109,423</u>	<u>97,034</u>	<u>-</u>	<u>-</u>	<u>109,423</u>	<u>97,034</u>
Net position:						
Net investment in capital assets	27,629	31,121	6,918	8,112	34,547	39,233
Restricted	62,530	56,363	-	-	62,530	56,363
Unrestricted	<u>(188,537)</u>	<u>(186,696)</u>	<u>230,860</u>	<u>221,131</u>	<u>42,323</u>	<u>34,435</u>
Total net position	<u>\$ (98,378)</u>	<u>\$ (99,212)</u>	<u>\$ 237,778</u>	<u>\$ 229,243</u>	<u>\$ 139,400</u>	<u>\$ 130,031</u>

At June 30, 2016, current assets, comprised predominately of cash and receivables, increased \$38,079 due mainly to an increase in grant funding. There was a minimal decrease of \$4,686 for capital assets. The net position of the business-type activities increased by \$8,535. A portion of the increase in the net position of the business-type activities is attributed to a decrease in salary expense and purchased services.

As indicated above, ROE No. 45 reported negative net position for the governmental activities and a positive net position for the business-type activities. The assets and deferred outflows of resources of ROE No. 45 exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$139,400 (total net position). The negative position for the governmental activities can be attributed to the reporting requirement for the pension related balances, such as the net pension liability and deferred inflows and outflows of resources. The investment in net capital assets was \$34,547 at June 30, 2016. ROE No. 45 uses these capital assets in providing services to its citizens; consequently, these assets are not available for future spending.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Government-wide Financial Analysis (Concluded)

Net position of ROE No. 45 increased by \$9,369 from the FY15 balance. Governmental activities contributed an increase of \$834 and business-type activities increased by \$8,535. Key elements of the change are as follows:

	ROE NO. 45's Changes in Net Position					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 38,133	\$ 48,197	\$ 38,133	\$ 48,197
Operating grants & contributions	1,227,649	810,526	-	-	1,227,649	810,526
General revenues:						
Local sources	468,961	477,847	-	-	468,961	477,847
On-behalf payments	402,572	368,047	-	-	402,572	368,047
Interest	1,214	659	435	450	1,649	1,109
Total revenues	<u>2,100,396</u>	<u>1,657,079</u>	<u>38,568</u>	<u>48,647</u>	<u>2,138,964</u>	<u>1,705,726</u>
Expenses:						
Salaries and benefits	854,422	771,418	9,943	14,955	864,365	786,373
Purchased services	258,274	224,361	12,802	18,568	271,076	242,929
Supplies and materials	84,317	74,584	2,614	6,210	86,931	80,794
Payments to Govts	320,216	60,631	3,480	1,997	323,696	62,628
Other	8,496	6,035	-	-	8,496	6,035
Depreciation	10,606	11,674	1,194	835	11,800	12,509
Pension expense	160,659	135,213	-	-	160,659	135,213
On-behalf payments	402,572	368,047	-	-	402,572	368,047
Total expenses	<u>2,099,562</u>	<u>1,651,963</u>	<u>30,033</u>	<u>42,565</u>	<u>2,129,595</u>	<u>1,694,528</u>
Increase in net position	834	5,116	8,535	6,082	9,369	11,198
Net position-beginning-restated	<u>(99,212)</u>	<u>(104,328)</u>	<u>229,243</u>	<u>223,161</u>	<u>130,031</u>	<u>118,833</u>
Net position-ending	<u>\$ (98,378)</u>	<u>\$ (99,212)</u>	<u>\$ 237,778</u>	<u>\$ 229,243</u>	<u>\$ 139,400</u>	<u>\$ 130,031</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Governmental Activities

Revenues for governmental activities were \$2,100,396 and expenses were \$2,099,562. Revenues increased \$443,317 due mostly to acquiring additional grant funding of the Illinois Mathematics and Science Partnerships I-Stem Network Area Partnership Program.

With the increase in revenues, we could expect to see an increase in expenses as well. Overall governmental expenses increased approximately \$413,074 (exclusive of on-behalf payments) consisting primarily of an increase of approximately \$83,004 in salaries and benefits, \$33,913 in purchased services and \$9,733 in supplies and materials. Payments to other governments also increased by \$259,585 and other expenses increased by \$2,461. The depreciation decreased by \$1,068. Pension expense increased by \$25,446.

Business-Type Activities

The charges for services decreased by \$10,064 when compared to 2015. The decrease in revenue was primarily due to less activities of professional development not associated with grant funding. Overall expenses decreased by \$12,532 when compared to 2015. Salaries and benefits decreased by \$5,012, purchased services decreased by \$5,766 and supplies and materials decreased by \$3,596. Payments to other governments increased by \$1,483 and depreciation expense increased by \$359. The decrease of salaries and benefits was a direct result of fewer activities. Supporting services for professional development decreased.

Financial Analysis of ROE No. 45's Funds

Governmental funds - As previously noted, ROE No. 45 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. ROE No. 45's governmental funds reported combined fund balances of \$674,816 representing an increase of \$28,308 from last year's ending fund balance of \$646,508. The majority of the difference is from a \$25,153 increase in the General Fund from the County Account. It is primarily a timing issue of when County funds are received and spent since that grant year doesn't end until November 30th.

The general fund is the chief operating fund of ROE No. 45. At the end of the current fiscal year, the nonspendable and unassigned fund balances of the general fund increased by \$22,141.

Proprietary funds - ROE No. 45's proprietary funds consist of enterprise funds. The enterprise fund activity is the same type of information found in the government-wide financial statements, but in more detail. Aspects concerning the finances have already been addressed in the discussion of ROE No. 45's business-type activities.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
For the year ended June 30, 2016**

Budgetary Highlights

Presenting an overall budget is not a legal requirement of ROE No. 45. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included in the required supplementary information.

ROE No. 45 acts as the administrative agent for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. In addition, budgetary comparison schedules have been provided for the grants received from the Illinois Community College Board (ICCB). Comparison of budgeted and actual results for various programs are presented as supplementary information.

Capital Assets

ROE 45's Capital Assets						
Net of Accumulated Depreciation						
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Equipment	\$ 27,629	\$ 31,121	\$ 6,918	\$ 8,112	\$ 34,547	\$ 39,233

At June 30, 2016 and June 30, 2015, ROE No. 45 had invested \$156,808 and \$159,216 respectively, in a broad range of capital assets, including office equipment, computers and audio-visual equipment.

ROE No. 45 had depreciation expense of \$11,800 and \$12,509 in FY16 and FY15, respectively, with accumulated depreciation of \$122,261 and \$119,983 at June 30, 2016 and 2015, respectively. More detailed information about capital assets is available in Note 7 to the financial statements.

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, ROE No. 45 was uncertain about funding for the next year. We are diligently pursuing opportunities to acquire new funding through governmental and business-type activities. We anticipate an increased delay of grant and other state payments due to state budgetary issues and voucher delays. We will be in our final year of a multiyear Truants Alternative Optional Education Program grant and two multiyear Illinois Math and Science Partnerships grants.

Contacting ROE No. 45's Financial Management

This financial report is designed to provide ROE No. 45’s citizens, taxpayers and clients, with a general overview of ROE No. 45’s finances and to demonstrate ROE No. 45’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Regional Superintendent’s Office of Monroe/Randolph Counties, ROE No. 45, 107 East Mill Street, Waterloo, Illinois 62298.

BASIC FINANCIAL STATEMENTS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 497,715	\$ 233,098	\$ 730,813
Accounts receivable	1,012	-	1,012
Due from other governments	203,517	4,711	208,228
Prepaid items	6,130	-	6,130
Total current assets	<u>708,374</u>	<u>237,809</u>	<u>946,183</u>
Noncurrent assets:			
Capital assets, net	27,629	6,918	34,547
Total noncurrent assets	<u>27,629</u>	<u>6,918</u>	<u>34,547</u>
Total assets	<u>736,003</u>	<u>244,727</u>	<u>980,730</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	238,840	-	238,840
LIABILITIES			
Current liabilities:			
Accounts payable	12,123	88	12,211
Due to other governments	-	6,861	6,861
Unearned revenue	21,435	-	21,435
Total current liabilities	<u>33,558</u>	<u>6,949</u>	<u>40,507</u>
Noncurrent liabilities:			
Net pension liability	930,240	-	930,240
Total noncurrent liabilities	<u>930,240</u>	<u>-</u>	<u>930,240</u>
Total liabilities	<u>963,798</u>	<u>6,949</u>	<u>970,747</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	109,423	-	109,423
NET POSITION			
Net investment in capital assets	27,629	6,918	34,547
Restricted - other	62,530	-	62,530
Unrestricted	(188,537)	230,860	42,323
Total net position	<u>\$ (98,378)</u>	<u>\$ 237,778</u>	<u>\$ 139,400</u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2016**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries	\$ 750,114	\$ -	\$ 511,225	\$ (238,889)	\$ -	\$ (238,889)
Benefits	104,308	-	157,402	53,094	-	53,094
Purchased services	258,274	-	170,931	(87,343)	-	(87,343)
Supplies and materials	84,317	-	66,299	(18,018)	-	(18,018)
Capital outlay	-	-	560	560	-	560
Other	8,496	-	1,016	(7,480)	-	(7,480)
Payments to other governments	320,216	-	320,216	-	-	-
Depreciation	10,606	-	-	(10,606)	-	(10,606)
Pension expense	160,659	-	-	(160,659)	-	(160,659)
Administrative:						
On-behalf payments - State	402,572	-	-	(402,572)	-	(402,572)
Total governmental activities	<u>2,099,562</u>	<u>-</u>	<u>1,227,649</u>	<u>(871,913)</u>	<u>-</u>	<u>(871,913)</u>
Business-type activities:						
Registration services	30,033	38,133	-	-	8,100	8,100
Total primary government	<u>\$ 2,129,595</u>	<u>\$ 38,133</u>	<u>\$ 1,227,649</u>	<u>(871,913)</u>	<u>8,100</u>	<u>(863,813)</u>
General revenues:						
Local sources				468,961	-	468,961
On-behalf payments - State				402,572	-	402,572
Interest				1,214	435	1,649
Total general revenues				<u>872,747</u>	<u>435</u>	<u>873,182</u>
Change in net position				834	8,535	9,369
Net position - beginning of year				<u>(99,212)</u>	<u>229,243</u>	<u>130,031</u>
Net position - end of year				<u>\$ (98,378)</u>	<u>\$ 237,778</u>	<u>\$ 139,400</u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 408,581	\$ 27,874	\$ 61,260	\$ 497,715
Accounts receivable	810	-	202	1,012
Due from other funds	184,644	-	-	184,644
Due from other governments	28,699	173,635	1,183	203,517
Prepaid items	6,130	-	-	6,130
 Total assets	 \$ 628,864	 \$ 201,509	 \$ 62,645	 \$ 893,018
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 5,141	\$ 6,887	\$ 95	\$ 12,123
Due to other funds	-	184,624	20	184,644
Unearned revenue	11,437	9,998	-	21,435
 Total liabilities	 16,578	 201,509	 115	 218,202
 FUND BALANCES				
Nonspendable	6,130	-	-	6,130
Restricted	-	-	62,530	62,530
Unassigned	606,156	-	-	606,156
 Total fund balances	 612,286	 -	 62,530	 674,816
 Total liabilities and fund balances	 \$ 628,864	 \$ 201,509	 \$ 62,645	 \$ 893,018

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2016**

Total fund balances - governmental funds	\$	674,816
<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>		27,629
<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.</p>		
Deferred outflows of resources	\$	238,840
Deferred inflows of resources		(109,423)
		129,417
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		(930,240)
Net position of governmental activities	\$	(98,378)

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2016**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 447,439	\$ -	\$ 21,522	\$ 468,961
State sources	84,865	285,049	1,183	371,097
Federal sources	8,563	847,989	-	856,552
On-behalf payments	266,986	-	-	266,986
Interest	1,094	3	117	1,214
	<u>808,947</u>	<u>1,133,041</u>	<u>22,822</u>	<u>1,964,810</u>
Total revenues				
Expenditures:				
Instructional services:				
Salaries	286,738	453,585	9,791	750,114
Benefits	48,231	53,850	2,227	104,308
Purchased services	103,314	152,827	2,133	258,274
Supplies and materials	20,055	63,973	289	84,317
Other	7,427	972	97	8,496
Payments to other governments	-	320,216	-	320,216
Pension expense	47,501	87,058	2,118	136,677
On-behalf payments	266,986	-	-	266,986
Capital outlay	6,554	560	-	7,114
	<u>786,806</u>	<u>1,133,041</u>	<u>16,655</u>	<u>1,936,502</u>
Total expenditures				
Net change in fund balances	22,141	-	6,167	28,308
Fund balances, beginning of year	<u>590,145</u>	<u>-</u>	<u>56,363</u>	<u>646,508</u>
Fund balances, end of year	<u>\$ 612,286</u>	<u>\$ -</u>	<u>\$ 62,530</u>	<u>\$ 674,816</u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the year ended June 30, 2016**

Net changes in fund balances	\$	28,308
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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	\$	7,114	
Depreciation expense		<u>(10,606)</u>	(3,492)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expense			<u>(23,982)</u>
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Changes in net position of governmental activities	\$	<u><u>834</u></u>
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The notes to the financial statements are an integral part of this statement.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Registration</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 233,098
Due from other governments	<u>4,711</u>
Total current assets	237,809
Noncurrent assets:	
Capital assets, net	<u>6,918</u>
Total assets	<u>244,727</u>
LIABILITIES	
Current liabilities:	
Accounts payable	88
Due to other governments	<u>6,861</u>
Total current liabilities	<u>6,949</u>
NET POSITION	
Net investment in capital assets	6,918
Unrestricted	<u>230,860</u>
Total net position	<u><u>\$ 237,778</u></u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the year ended June 30, 2016**

	Business-Type Activities
	Enterprise Fund
	Registration
Operating revenues:	
Charges for services	\$ 38,133
Operating expenses:	
Salaries	7,742
Benefits	2,201
Purchased services	12,802
Supplies and materials	2,614
Depreciation	1,194
Payments to other governments	3,480
Total operating expenses	30,033
Operating income	8,100
Nonoperating revenues:	
Interest income	435
Change in net position	8,535
Net position - beginning of year	229,243
Net position - end of year	\$ 237,778

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the year ended June 30, 2016

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Registration</u>
Cash flows from operating activities:	
Collection of fees	\$ 33,937
Payments to suppliers and providers of goods and services	(10,565)
Payments to employees	(9,943)
Payments to other governments	(3,480)
Net cash provided by operating activities	<u>9,949</u>
Cash flows from investing activities:	
Interest received on investments	<u>435</u>
Net cash provided by investing activities	<u>435</u>
Net increase in cash and cash equivalents	10,384
Cash and cash equivalents - beginning of year	<u>222,714</u>
Cash and cash equivalents - end of year	<u><u>\$ 233,098</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 8,100
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,194
Increase in due from other governments	(4,196)
Decrease in accounts payable	(1,950)
Increase in due to other governments	6,801
Net cash provided by operating activities	<u><u>\$ 9,949</u></u>

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 405,629
Accounts receivable	9,144
Due from other governments	<u>785,789</u>
Total assets	<u><u>\$ 1,200,562</u></u>
LIABILITIES	
Due to other governments	<u>\$ 1,200,562</u>
Total liabilities	<u><u>\$ 1,200,562</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 45's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education No. 45 was created by Illinois Public Act 76-735, as amended, effective August 7, 1995. The Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The region encompasses Monroe and Randolph counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education No. 45 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education No. 45 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education No. 45's financial statements. In addition, the Regional Office of Education No. 45 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education No. 45 being considered a component unit of the entity.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position includes all of the Regional Office of Education No. 45's assets, including capital assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by governmental accounting standards in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Position, and as transfers in/out on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 45 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues received after the Regional Office's availability period are reported as deferred inflows of resources - unavailable revenue in the fund statements and are reported as current revenues in the Statement of Activities.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education No. 45's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 45's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

1. Governmental Funds

The Regional Office of Education No. 45 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education No. 45. It is used to account for all financial resources, except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education No. 45. Included in this fund are:

Chester Office Account – This fund is used for general operations of the Chester office of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund.

Waterloo Office Account – This fund is used for general operations of the Waterloo office of the Regional Office of Education. It is used to account for all financial resources, except those required to be accounted for in another fund.

General State Aid – This fund accounts for General State Aid used for the general operations of the Regional Safe Schools program.

County Account – The Regional Office of Education No. 45 receives a tax appropriation from Monroe and Randolph counties for operation purposes. These appropriations are requested on a yearly basis.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

1. Governmental Funds (Continued)

Education – This Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

Adult Education and Family Literacy - Federal Basic – This fund accounts for federal monies received from the Illinois Community College Board which provide for adult basic education (GED) services for adult education clients.

Regional Safe Schools – This program provides funding for an alternative school program for students removed from the regular school setting due to disruptive behavior.

Pilot Regional Safe Schools Cooperative Education Program – This program serves eligible students and enhances the educational opportunity with highly structured private sector work experience and job training programs which follows State course description for Cooperative Education.

Title I School Improvement System of Support – Grant monies in this fund are used to provide professional development activities to schools identified as Priority schools, Focus schools, and all schools under Foundational Services.

Rural Education Achievement Program – This grant is intended to assist the district in raising student academic achievement and meeting the State’s definition of adequate yearly progress.

McKinney Vento Education for Homeless Children – This fund provides educational services and strives to heighten community awareness of the need to serve the homeless population.

Area-Wide I-RTI Network Instructional Leader – This fund provides an area-wide instructional leader, area-wide assistant, and lead coach for the Area V Regional Offices of Education.

ROE/ISC Operations – This account is used for general operation of the Regional Office of Education office.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

1. Governmental Funds (Continued)

Education (Continued)

Title II Teacher Quality Leadership – The purpose of this program is to provide training and professional development for the improvement of teacher and principal performance evaluations.

Truants Alternative Optional Education – This program provides alternative educational program services to truant, chronic truant, potential dropout, and dropout students referred from local schools to the Regional Office of Education No. 45.

Mathematics and Science Partnerships (Math) – This program provides teachers in Southern Illinois with opportunities to increase their own knowledge in math and experience with the new IL Learning Standards.

Mathematics and Science Partnerships (Science) – This program provides teachers in Southern Illinois with opportunities to increase their own knowledge in science and experience with the new IL Learning Standards.

Additionally, the Regional Office of Education No. 45 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Teacher's Institute Fund – The Teacher's Institute Fund is authorized by Section 3-12 of the School Code. Teachers' license fees are paid into the Teacher's Institute Fund. The monies are used to defray administrative expenses incidental to teacher's institutes, workshops, or meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver Permit Fund – This fund is used to account for the issuance of school bus driver permits and to sponsor instructional training courses for school bus drivers.

General Education Development Fund – This fund was established to administer the high school level test of General Educational Development.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

2. Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

The Regional Office of Education No. 45 reports the following major enterprise fund:

Registration – The purpose of the Registration fund is to support professional development workshops for educators and enrichment programs for students. Educators/students pay registration fees for programs presented by the office. Presenter fees, supplies, room rental, and food costs are examples of expenses paid out of the registration fund.

3. Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education No. 45 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. The Regional Office of Education No. 45 reports the following agency funds:

Distributive Fund – This fund distributes monies received by the State to the school districts and other entities.

Area V Trail – This fund receives and disburses monies for workshops provided and paid for by all the Area V Regional Offices of Education.

State Trail – This fund receives and disburses monies for workshops provided and paid for by the Regional Offices of Education State-wide.

Connecting Conference – This fund receives and disburses monies for workshops provided and paid for by the Illinois Association of Regional Superintendent of Schools.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

3. Fiduciary Funds (Continued)

Agency Funds (Continued)

The Maidez Center – This fund receives and disburses monies for The Maidez Center, a 501(c)(3) organization that provides charitable support to other organizations serving at-risk youth and families.

School Facility Sales Tax – Voters in Randolph County approved the use of a 1% sales tax to be used exclusively for school facility capital projects. Regional Office of Education No. 45 is the fiscal agent for processing payments from the State of Illinois to the school districts.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

The Regional Office of Education No. 45 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments held with an original maturity date of less than 90 days to be cash and cash equivalents. State regulations require that the Regional Office of Education No. 45 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education No. 45 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

Capital assets are reported in the applicable columns in the government-wide and proprietary fund financial statements. Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and Furniture	5-10 years
Office Equipment	3-7 years

In the governmental fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position/fund balance 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 in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

6. Compensated Absences

Vacation pay is considered an expenditure in the year it is paid. All vacation has to be used before fiscal year end, so no accrual is required.

Accumulated sick pay benefits are available to all full-time employees to use in future years. However, upon termination, the employees are not compensated for any unused sick days; therefore, no accruals or reserves have been established.

7. Equity Classifications

Government-wide and Proprietary Fund Statements

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings, if any, 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Equity Classifications (Continued)

Government-wide and Proprietary Fund Statements (Continued)

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

Governmental Fund Statements

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

Nonspendable Fund Balance – The portion of a governmental fund’s fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. The Waterloo Office Account and County Account have nonspendable fund balances related to prepaid items, as these are not available to be spent.

Restricted Fund Balance – The portion of a governmental fund’s fund balance that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Teacher’s Institute Fund, Bus Driver Permit Fund, and General Education Development Fund.

Committed Fund Balance – The portion of a governmental fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education No. 45 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education No. 45 has no assigned fund balances.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Chester Office Account, Waterloo Office Account, General State Aid, and County Account.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncement

In 2016, the Regional Office of Education No. 45 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 Accounting Principles for State and Local Governments*. These Statements had no impact on the financial statements of the Regional Office of Education No. 45.

2. BUDGETS AND BUDGETARY ACCOUNTING INFORMATION

The Regional Office of Education No. 45 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgets relating to programs funded by grants from the Illinois Community College Board must be prepared and submitted for approval. Budgets are also prepared for certain grants awarded through other pass-through entities. Budgetary Comparison Schedules have been presented for the following grants: Adult Education and Family Literacy - Federal Basic, Regional Safe Schools, Pilot Regional Safe Schools Cooperative Education Program, Title I School Improvement System of Support, McKinney Vento Education for Homeless Children, Area-Wide I-RTI Network Instructional Leader, ROE/ISC Operations, Title II Teacher Quality - Leadership Grant, Truants Alternative/Optional Education, Mathematics and Science Partnerships (Math), and Mathematics and Science Partnerships (Science).

3. USE OF ESTIMATES

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

4. DEPOSITS

At June 30, 2016, the carrying amount of the Regional Office of Education No. 45's deposits, which do not include Illinois Funds Money Market Fund accounts, for the governmental activities, business-type activities, and fiduciary funds were \$493,837, \$233,098, and \$405,629, respectively. The bank balances for the governmental activities, business-type activities, and fiduciary funds totaled \$1,170,245, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No. 45's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund accounts had a total bank balance of \$3,878 at June 30, 2016. This amount is fully collateralized and not subject to credit risk.

5. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 184,644	\$ -
Education Fund	-	184,624
Nonmajor Special Revenue Funds	-	20
Totals	\$ 184,644	\$ 184,644

At June 30, 2016, amounts receivable to the General Fund primarily consisted of loans to various Education Fund accounts to cover cash shortages. These funds utilize the same pooled cash account.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

6. DUE TO/DUE FROM OTHER GOVERNMENTS

At June 30, 2016, the Regional Office of Education No. 45's General Fund, Education Fund, Nonmajor Special Revenue Funds, Registration Fund, and Agency Funds had amounts due to and due from various other governmental units which consisted of the following:

Due from Other Governments:

General Fund:

Local Governments	\$ 28,673
Illinois State Board of Education	26
	28,699

Education Fund:

Illinois State Board of Education	129,736
Illinois Community College Board	4,094
Regional Office of Education No. 3	6,432
Regional Office of Education No. 47	5,590
Regional Office of Education No. 50	27,783
	173,635

Nonmajor Special Revenue Funds:

Illinois State Board of Education	1,183
	1,183

Registration Fund:

Local Governments	4,711
	4,711

\$ 208,228

Agency Funds:

Local Governments	\$ 5,696
Illinois State Board of Education	80,457
Illinois Comptroller	699,135
Regional Office of Education No. 3	501
	\$ 785,789

Due to Other Governments:

Registration Fund:

Local Governments	\$ 6,861
	6,861

Agency Funds:

Local Governments	\$ 1,200,562
	1,200,562

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL ASSETS

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets being depreciated:				
Equipment and furniture	\$ 148,344	\$ 7,114	\$ 9,522	\$ 145,936
Less accumulated depreciation for:				
Equipment and furniture	(117,223)	(10,606)	(9,522)	(118,307)
Governmental activities capital assets, net	\$ 31,121	\$ (3,492)	\$ -	\$ 27,629
 Business-type activities:				
Capital assets being depreciated:				
Equipment and furniture	\$ 10,872	\$ -	\$ -	\$ 10,872
Less accumulated depreciation for:				
Equipment and furniture	(2,760)	(1,194)	-	(3,954)
Business-type activities capital assets, net	\$ 8,112	\$ (1,194)	\$ -	\$ 6,918

Depreciation expense was charged to Instructional Services (functions/programs) of the Regional Office of Education No. 45 as follows:

Governmental activities:	
Instructional services	\$ 10,606

Depreciation expense was charged to Registration Services (functions/programs) of the Regional Office of Education No. 45 as follows:

Business-type activities:	
Registration services	\$ 1,194

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

Plan Description

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

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

Benefits Provided

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 45.

On behalf contributions to TRS - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 45. For the year ended June 30, 2016, State of Illinois contributions recognized by the Regional Office of Education No. 45 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education No. 45, and the Regional Office of Education No. 45 recognized revenue and expenditures of \$135,586 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 \$2,202 and are deferred because they were paid after the June 30, 2015 measurement date.

Federal and special trust fund contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 45, there is a statutory requirement for the Regional Office of Education No. 45 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 \$158,168 were paid from federal and special trust funds that required employer contributions of \$57,035. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Contributions (Continued)

Employer retirement cost contributions - Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 45 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the Regional Office of Education No. 45 paid no employer ERO contributions to TRS.

The Regional Office of Education No. 45 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education No. 45 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the Regional Office of Education No. 45 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 538,084
State's proportionate share of the net pension liability associated with the employer	1,654,931
Total	\$ 2,193,015

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and rolled forward to June 30, 2015. The Regional Office of Education No. 45's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the Regional Office of Education No. 45's proportion was 0.0008213755 percent, which was a decrease of 0.0000834763 percent from its proportion measured as of June 30, 2014.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

For the year ended June 30, 2016, the Regional Office of Education No. 45 recognized pension expense of \$135,586 and revenue of \$135,586 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 45 recognized pension expense of \$17,370. At June 30, 2016, the Regional Office of Education No. 45 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 200	\$ 590
Net difference between projected and actual earnings on pension plan investments	10,656	18,842
Change in assumptions	7,441	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	89,991
	<hr/>	<hr/>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	18,297	109,423
Employer Contributions Made Subsequent to the Measurement Date	<hr/>	<hr/>
	59,238	-
Total Deferred Amounts Related to Pensions	<hr/> <hr/>	<hr/> <hr/>
	\$ 77,535	\$ 109,423

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

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

\$59,238 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Inflows of of Resources
2017	\$ 27,844
2018	27,844
2019	27,844
2020	7,594
Total	\$ 91,126

Actuarial Assumptions

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

Inflation	3%
Salary increases	varies by amount of service credit
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Actuarial Assumptions (Continued)

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

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

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

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

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

Sensitivity of the Regional Office of Education No. 45's proportionate share of the net pension liability to changes in the discount rate

The following presents the Regional Office of Education No. 45's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the Regional Office of Education No. 45's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Lower (6.47%)	Current Discount Rate (7.47%)	1% Higher (8.47%)
Employer's proportionate share of the net pension liability	\$ 664,940	\$ 538,084	\$ 434,059

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*.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

IMRF Plan Description

The Regional Office of Education No. 45's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education No. 45's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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

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

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	12
Total	56

Contributions

As set by statute, the Regional Office of Education No. 45's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 45's annual contribution rate for calendar year 2015 was 20.38%. For the calendar year 2015, the Regional Office of Education No. 45 contributed \$74,683 to the plan. The Regional Office of Education No. 45 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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The Regional Office of Education No. 45'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.
- 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:

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

<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	<u>100%</u>	

Single Discount Rate

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

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%.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2014	\$ 2,920,182	\$ 2,656,219	\$ 263,963
Changes for the year:			
Service Cost	37,862	-	37,862
Interest on the total pension liability	214,000	-	214,000
Differences between expected and actual experience of the total pension liability	29,763	-	29,763
Contributions - employer	-	74,683	(74,683)
Contributions - employees	-	16,491	(16,491)
Net investment income	-	78,694	(78,694)
Benefit payments, including refunds of employee contributions	(171,568)	(171,568)	-
Other (net transfer)	-	(16,436)	16,436
Net changes	<u>110,057</u>	<u>(18,136)</u>	<u>128,193</u>
Balances at December 31, 2015	<u>\$ 3,030,239</u>	<u>\$ 2,638,083</u>	<u>\$ 392,156</u>

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

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

	1% Lower (6.5%)	Current Discount Rate (7.5%)	1% Higher (8.5%)
Net Pension Liability	<u>\$ 755,645</u>	<u>\$ 392,156</u>	<u>\$ 89,657</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2016, the Regional Office of Education No. 45 recognized pension expense of \$143,289. At June 30, 2016, the Regional Office of Education No. 45 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods	
Differences between expected and actual experience	\$ 13,568
Net difference between projected and actual earnings on pension plan investments	<u>105,932</u>
Total Deferred Amount to be Recognized in Pension Expense in Future Periods	119,500
Pension Contributions Made Subsequent to the Measurement Date	<u>41,805</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 161,305</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

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

\$41,805 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Outflows of Resources
2016	\$ 40,917
2017	27,349
2018	27,349
2019	23,885
Total	\$ 119,500

C. Social Security

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

9. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education No. 45 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 were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security Fund (Continued)

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

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

On Behalf Contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 45. 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 \$4,062, and the Regional Office of Education No. 45 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 Regional Office of Education No. 45 employees were \$2,607 and \$1,960, respectively.

Employer Contributions to the THIS Fund

The Regional Office of Education No. 45 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 45 paid \$3,037 to the THIS Fund which was 100 percent of the required contribution. For the years ended June 30, 2015 and June 30, 2014, the Regional Office of Education No. 45 paid \$1,942 and \$1,455 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."

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits

The Regional Office of Education No. 45 allows employees, who retire through the Regional Office of Education No. 45's plan disclosed in Note 8B, the option to continue in the Regional Office of Education No. 45's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education No. 45's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education No. 45 has no explicit subsidy as defined in GASB S-45.

10. DISTRIBUTIVE FUND AND SCHOOL FACILITY SALES TAX INTEREST

A written agreement between the Regional Office of Education No. 45's school boards, which receive funds through the Regional Office of Education No. 45, provides for the retention of interest earned on the Distributive Fund and School Facility Sales Tax bank accounts by the Regional Superintendent to be used for the benefit of all of the districts in the region.

11. ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 45:

State of Illinois:	
Regional Superintendent - salary	\$ 107,208
Regional Superintendent - benefits (includes State paid insurance)	35,284
Assistant Regional Superintendent - salary	96,492
Assistant Regional Superintendent - benefits (includes State paid insurance)	23,940
THIS contributions	<u>4,062</u>
	<u><u>\$ 266,986</u></u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). The on-behalf payments are reflected as revenues and expenditures of the General Fund.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

11. ON-BEHALF PAYMENTS (Continued)

The Regional Office of Education No. 45 also recorded \$135,586 (based on figures for the fiscal year ended June 30, 2015) in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 45 has not included any on-behalf payments related to the State's TRS pension expenses for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 266,986
On-behalf payments for the Regional Office of Education's share of TRS pension expense	<u>135,586</u>
Total	<u><u>\$ 402,572</u></u>

12. OPERATING LEASES

The Regional Office of Education No. 45 has the following operating leases:

The Regional Office of Education No. 45 entered into a one year lease agreement for rental of 107 East Mill Street, Waterloo (Waterloo Regional Office building) beginning December 1, 2014 and terminating November 30, 2015. The Regional Office of Education No. 45 renewed the lease starting December 1, 2015 and terminating November 30, 2016. The lease is payable in monthly installments of \$1,800. Lease expense for the office building for the fiscal year ended June 30, 2016 was \$21,600.

The Regional Office of Education No. 45 entered into a lease agreement for rental of the building known as "Red Brick School" for three years beginning July 1, 2013 and terminating June 30, 2016. During the fiscal year ended June 30, 2016, the lease was renewed for a three-year period ending June 30, 2019. The lease is payable in monthly installments of \$875 per month. Lease expense for the "Red Brick School" for the fiscal year ended June 30, 2016 was \$10,500.

The following is a schedule of future minimum lease payments required under the above operating leases:

<u>Year Ending June 30,</u>	
2017	\$ 19,500
2018	10,500
2019	<u>10,500</u>
	<u><u>\$ 40,500</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

NOTES TO FINANCIAL STATEMENTS

13. RISK MANAGEMENT

The Regional Office of Education No. 45 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education No. 45 is covered by commercial insurance to cover these risks. No settlements have exceeded insurance coverage in the current or three previous years.

14. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 45 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 45 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

15. CONTINGENCIES

The Regional Office of Education No. 45 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education No. 45 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 45's operations.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

For the years ended June 30, 2016 and 2015

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

Total Pension Liability	2015	2014
Service cost	\$ 37,862	\$ 44,199
Interest on the total pension liability	214,000	200,487
Differences between expected and actual experience of the total pension liability	29,763	(15,402)
Changes of assumptions	-	121,901
Benefit payments, including refunds of employee contributions	<u>(171,568)</u>	<u>(164,114)</u>
Net change in total pension liability	110,057	187,071
Total pension liability - beginning	<u>2,920,182</u>	<u>2,733,111</u>
Total pension liability - ending (A)	<u>3,030,239</u>	<u>2,920,182</u>
Plan Fiduciary Net Position		
Contributions - employer	74,683	74,093
Contributions - employees	16,491	14,865
Net investment income	78,694	171,708
Benefit payments, including refunds of employee contributions	(171,568)	(164,114)
Other (net transfer)	<u>(16,436)</u>	<u>(2,267)</u>
Net change in plan fiduciary net position	(18,136)	94,285
Plan fiduciary net position - beginning	<u>2,656,219</u>	<u>2,561,934</u>
Plan fiduciary net position - ending (B)	<u>2,638,083</u>	<u>2,656,219</u>
Net pension liability - ending (A) - (B)	<u>\$ 392,156</u>	<u>\$ 263,963</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.06%	90.96%
Covered Valuation Payroll	\$ 366,453	\$ 330,328
Net Pension Liability as a Percentage of Covered Valuation Payroll	107.01%	79.91%

Notes to Schedules:

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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)**

For the years ended June 30, 2016 and 2015

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

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2015	\$ 74,683	\$ 74,683	\$ -	\$ 366,453	20.38%
2014	72,044	74,093	(2,049)	330,328	22.43%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**ILLINOIS MUNICIPAL RETIREMENT FUND -
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Concluded)
(UNAUDITED)**

For the years ended June 30, 2016 and 2015

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

Notes to Schedule: (Continued)

Other Information:

There were no benefit changes during the year.

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

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

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

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

	2015	2014
Employer's proportion of the net pension liability	0.0008213755%	0.0009048518%
Employer's proportionate share of the net pension liability	\$ 538,084	\$ 550,677
State's proportionate share of the net pension liability associated with the employer	1,654,931	1,246,578
Total	\$ 2,193,015	\$ 1,797,255
Employer's covered-employee payroll	\$ 255,558	\$ 237,694
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211%	232%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

Notes to Schedules:

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.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS -
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(UNAUDITED)
For the years ended June 30,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 59,238	\$ 28,920	\$ 32,285
Contributions in relation to the contractually-required contribution	<u>59,238</u>	<u>28,920</u>	<u>32,285</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 379,610	\$ 255,558	\$ 237,694
Contributions as a percentage of covered-employee payroll	15.6%	11.3%	13.6%

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

SUPPLEMENTARY INFORMATION

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Office Account		General State Aid
	Chester	Waterloo	Chester
ASSETS			
Cash and cash equivalents	\$ 56,072	\$ 51,514	\$ 193,544
Accounts receivable	-	810	-
Due from other funds	13,145	162,810	8,800
Due from other governments	1,809	22,284	4,606
Prepaid items	-	6,025	-
	<u>71,026</u>	<u>243,443</u>	<u>206,950</u>
Total assets	<u>\$ 71,026</u>	<u>\$ 243,443</u>	<u>\$ 206,950</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 3,967	\$ 589
Due to other funds	-	20	-
Unearned revenue	8	-	-
	<u>8</u>	<u>3,987</u>	<u>589</u>
Total liabilities	<u>8</u>	<u>3,987</u>	<u>589</u>
FUND BALANCES			
Nonspendable	-	6,025	-
Unassigned	71,018	233,431	206,361
	<u>71,018</u>	<u>239,456</u>	<u>206,361</u>
Total fund balances	<u>71,018</u>	<u>239,456</u>	<u>206,361</u>
Total liabilities and fund balances	<u>\$ 71,026</u>	<u>\$ 243,443</u>	<u>\$ 206,950</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	County Account		
	Waterloo	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 107,451	\$ -	\$ 408,581
Accounts receivable	-	-	810
Due from other funds	-	(111)	184,644
Due from other governments	-	-	28,699
Prepaid items	105	-	6,130
Total assets	\$ 107,556	\$ (111)	\$ 628,864
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 585	\$ -	\$ 5,141
Due to other funds	91	(111)	-
Unearned revenue	11,429	-	11,437
Total liabilities	12,105	(111)	16,578
FUND BALANCES			
Nonspendable	105	-	6,130
Unassigned	95,346	-	606,156
Total fund balances	95,451	-	612,286
Total liabilities and fund balances	\$ 107,556	\$ (111)	\$ 628,864

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2016**

	Office Account		General State Aid	County Account	Total
	Chester	Waterloo	Chester	Waterloo	
Revenues:					
Local sources	\$ -	\$ 187,934	\$ 41,954	\$ 217,551	\$ 447,439
State sources	-	-	84,865	-	84,865
Federal sources	-	-	8,563	-	8,563
On-behalf payments	-	266,986	-	-	266,986
Interest	562	357	97	78	1,094
Total revenue	562	455,277	135,479	217,629	808,947
Expenditures:					
Salaries	-	102,321	95,348	89,069	286,738
Benefits	-	11,468	14,515	22,248	48,231
Purchased services	127	40,448	28,526	34,213	103,314
Supplies and materials	199	279	3,390	16,187	20,055
Capital outlay	-	-	-	6,554	6,554
Other	-	-	-	7,427	7,427
Pension expense	-	17,954	12,769	16,778	47,501
On-behalf payments	-	266,986	-	-	266,986
Total expenditures	326	439,456	154,548	192,476	786,806
Net change in fund balances	236	15,821	(19,069)	25,153	22,141
Fund balances, beginning of year	70,782	223,635	225,430	70,298	590,145
Fund balances, end of year	\$ 71,018	\$ 239,456	\$ 206,361	\$ 95,451	\$ 612,286

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Education Fund		
	Chester	Waterloo	Total
ASSETS			
Cash and cash equivalents	\$ 12,697	\$ 15,177	\$ 27,874
Due from other governments	12,894	160,741	173,635
Total assets	\$ 25,591	\$ 175,918	\$ 201,509
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 6,887	\$ 6,887
Due to other funds	15,593	169,031	184,624
Unearned revenue	9,998	-	9,998
Total liabilities	25,591	175,918	201,509
 FUND BALANCES			
Total liabilities and fund balances	\$ 25,591	\$ 175,918	\$ 201,509

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2016**

	Education Fund		
	Chester	Waterloo	Total
Revenues:			
State sources	\$ 76,377	\$ 208,672	\$ 285,049
Federal sources	20,131	827,858	847,989
Interest	2	1	3
Total revenues	<u>96,510</u>	<u>1,036,531</u>	<u>1,133,041</u>
Expenditures:			
Salaries	74,806	378,779	453,585
Benefits	9,050	44,800	53,850
Purchased services	6,481	146,346	152,827
Supplies and materials	2,715	61,258	63,973
Capital outlay	-	560	560
Other	-	972	972
Pension expense	3,458	83,600	87,058
Payments to other governments	-	320,216	320,216
Total expenditures	<u>96,510</u>	<u>1,036,531</u>	<u>1,133,041</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Adult Education and Family Literacy - Federal Basic	Regional Safe Schools	Pilot Regional Safe Schools Cooperative Education Program	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 12,697	\$ 12,697
Due from other governments	4,094	8,800	-	12,894
	<u>4,094</u>	<u>8,800</u>	<u>-</u>	<u>12,894</u>
Total assets	<u>\$ 4,094</u>	<u>\$ 8,800</u>	<u>\$ 12,697</u>	<u>\$ 25,591</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 4,094	\$ 8,800	\$ 2,699	\$ 15,593
Unearned revenue	-	-	9,998	9,998
	<u>-</u>	<u>-</u>	<u>9,998</u>	<u>9,998</u>
Total liabilities	4,094	8,800	12,697	25,591
FUND BALANCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,094</u>	<u>\$ 8,800</u>	<u>\$ 12,697</u>	<u>\$ 25,591</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
For the year ended June 30, 2016**

	Adult Education and Family Literacy - Federal Basic	Regional Safe Schools	Pilot Regional Safe Schools Cooperative Education Program	Total
Revenues:				
State sources	\$ -	\$ 53,762	\$ 22,615	\$ 76,377
Federal sources	20,131	-	-	20,131
Interest	-	-	2	2
Total revenues	20,131	53,762	22,617	96,510
Expenditures:				
Salaries	14,895	40,171	19,740	74,806
Benefits	522	6,232	2,296	9,050
Purchased services	1,562	4,610	309	6,481
Supplies and materials	199	2,516	-	2,715
Pension expense	2,953	233	272	3,458
Total expenditures	20,131	53,762	22,617	96,510
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
ADULT EDUCATION AND FAMILY LITERACY - FEDERAL BASIC
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 20,131	\$ 20,131	\$ 20,131
Expenditures:			
Salaries	14,050	14,050	14,895
Benefits	3,312	3,312	522
Purchased services	1,340	1,340	1,562
Supplies and materials	1,429	1,429	199
Pension expense	-	-	2,953
Total expenditures	20,131	20,131	20,131
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
CHESTER OFFICE
REGIONAL SAFE SCHOOLS PROGRAM - PROJECT #16-3696-00
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 53,762	\$ 53,762	\$ 53,762
Expenditures:			
Salaries	40,171	40,171	40,171
Benefits	5,754	5,754	6,232
Purchased services	4,846	4,846	4,610
Supplies and materials	2,991	2,991	2,516
Pension expense	-	-	233
Total expenditures	53,762	53,762	53,762
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

CHESTER OFFICE

PILOT REGIONAL SAFE SCHOOLS COOPERATIVE EDUCATION PROGRAM –

PROJECT #16-3999-RS

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 36,563	\$ 36,563	\$ 22,615
Interest	-	-	2
	36,563	36,563	22,617
Total revenues			
Expenditures:			
Salaries	26,000	24,200	19,740
Benefits	3,663	3,559	2,296
Purchased services	2,900	853	309
Supplies and materials	4,000	7,951	-
Pension expense	-	-	272
	36,563	36,563	22,617
Total expenditures			
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	<u>Title I School Improvement System of Support</u>	<u>Rural Education Achievement Program</u>	<u>McKinney Vento Education for Homeless Children</u>	<u>Area-Wide I-RTI Network Instructional Leader</u>
ASSETS				
Cash and cash equivalents	\$ 1,510	\$ -	\$ 2,069	\$ 153
Due from other governments	<u>27,783</u>	<u>-</u>	<u>6,432</u>	<u>5,590</u>
Total assets	<u>\$ 29,293</u>	<u>\$ -</u>	<u>\$ 8,501</u>	<u>\$ 5,743</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,510	\$ -	\$ 2,069	\$ 153
Due to other funds	<u>27,783</u>	<u>-</u>	<u>6,432</u>	<u>5,590</u>
Total liabilities	29,293	-	8,501	5,743
FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 29,293</u>	<u>\$ -</u>	<u>\$ 8,501</u>	<u>\$ 5,743</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	<u>ROE/ISC Operations</u>	<u>Title II Teacher Quality Leadership</u>	<u>Truants Alternative Optional Education</u>	<u>Mathematics and Science Partnerships (Math 2016)</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 5,021	\$ 3,479
Due from other governments	<u>67,273</u>	<u>-</u>	<u>23,569</u>	<u>16,518</u>
Total assets	<u><u>\$ 67,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,590</u></u>	<u><u>\$ 19,997</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 800	\$ 1,444
Due to other funds	<u>67,273</u>	<u>-</u>	<u>27,790</u>	<u>18,553</u>
Total liabilities	67,273	-	28,590	19,997
FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 67,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,590</u></u>	<u><u>\$ 19,997</u></u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Mathematics and Science Partnerships (Math 2015)	Mathematics and Science Partnerships (Science 2016)	Mathematics and Science Partnerships (Science 2015)	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,945	\$ -	\$ 15,177
Due from other governments	-	13,576	-	160,741
Total assets	\$ -	\$ 16,521	\$ -	\$ 175,918
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 911	\$ -	\$ 6,887
Due to other funds	-	15,610	-	169,031
Total liabilities	-	16,521	-	175,918
FUND BALANCES				
Total liabilities and fund balances	\$ -	\$ 16,521	\$ -	\$ 175,918

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
For the year ended June 30, 2016**

	Title I School Improvement System of Support	Rural Education Achievement Program	McKinney Vento Education for Homeless Children	Area-Wide I-RTI Network Instructional Leader
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	58,248	16,668	30,000	83,037
Interest	-	-	-	-
	<u>58,248</u>	<u>16,668</u>	<u>30,000</u>	<u>83,037</u>
Total revenues	<u>58,248</u>	<u>16,668</u>	<u>30,000</u>	<u>83,037</u>
Expenditures:				
Salaries	29,654	-	20,115	56,029
Benefits	1,310	-	367	8,653
Purchased services	3,370	-	5,288	6,790
Supplies and materials	2,083	-	3,943	254
Capital outlay	-	-	-	-
Other	-	-	-	-
Pension expense	8,118	-	287	11,311
Payments to other governments	13,713	16,668	-	-
	<u>58,248</u>	<u>16,668</u>	<u>30,000</u>	<u>83,037</u>
Total expenditures	<u>58,248</u>	<u>16,668</u>	<u>30,000</u>	<u>83,037</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
For the year ended June 30, 2016**

	ROE/ISC Operations	Title II Teacher Quality Leadership	Truants Alternative Optional Education	Mathematics and Science Partnerships (Math 2016)
Revenues:				
State sources	\$ 67,273	\$ -	\$ 141,399	\$ -
Federal sources	-	1,788	-	99,155
Interest	-	-	1	-
	<u>67,273</u>	<u>1,788</u>	<u>141,400</u>	<u>99,155</u>
Total revenues				
	<u>67,273</u>	<u>1,788</u>	<u>141,400</u>	<u>99,155</u>
Expenditures:				
Salaries	38,564	64	76,857	47,008
Benefits	5,399	9	10,140	5,182
Purchased services	15,560	1,700	9,584	10,011
Supplies and materials	657	-	465	1,527
Capital outlay	560	-	-	-
Other	972	-	-	-
Pension expense	5,561	15	5,906	16,165
Payments to other governments	-	-	38,448	19,262
	<u>-</u>	<u>-</u>	<u>38,448</u>	<u>19,262</u>
Total expenditures				
	<u>67,273</u>	<u>1,788</u>	<u>141,400</u>	<u>99,155</u>
Net change in fund balances				
	-	-	-	-
Fund balances, beginning of year				
	-	-	-	-
Fund balances, end of year				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
For the year ended June 30, 2016**

	Mathematics and Science Partnerships (Math 2015)	Mathematics and Science Partnerships (Science 2016)	Mathematics and Science Partnerships (Science 2015)	Total
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ 208,672
Federal sources	218,451	98,297	222,214	827,858
Interest	-	-	-	1
Total revenues	218,451	98,297	222,214	1,036,531
Expenditures:				
Salaries	32,008	46,472	32,008	378,779
Benefits	4,400	4,835	4,505	44,800
Purchased services	30,133	12,940	50,970	146,346
Supplies and materials	22,283	1,246	28,800	61,258
Capital outlay	-	-	-	560
Other	-	-	-	972
Pension expense	9,992	15,946	10,299	83,600
Payments to other governments	119,635	16,858	95,632	320,216
Total expenditures	218,451	98,297	222,214	1,036,531
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
TITLE I SCHOOL IMPROVEMENT SYSTEM OF SUPPORT
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 70,000	\$ 80,000	\$ 58,248
Expenditures:			
Salaries	27,770	30,562	29,654
Benefits	14,236	15,288	1,310
Purchased services	5,006	5,064	3,370
Supplies and materials	1,388	2,086	2,083
Pension expense	-	-	8,118
Payments to other governments	21,600	27,000	13,713
Total expenditures	70,000	80,000	58,248
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
MCKINNEY VENTO EDUCATION FOR HOMELESS CHILDREN
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 16,900	\$ 30,000	\$ 30,000
Expenditures:			
Salaries	12,180	20,115	20,115
Benefits	331	698	367
Purchased services	2,257	6,082	5,288
Supplies and materials	2,132	3,105	3,943
Pension expense	-	-	287
Total expenditures	<u>16,900</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
AREA-WIDE I-RTI NETWORK INSTRUCTIONAL LEADER
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 187,575	\$ 237,536	\$ 83,037
Expenditures:			
Salaries	120,377	157,753	56,029
Benefits	46,611	53,804	8,653
Purchased services	19,783	25,040	6,790
Supplies and materials	804	939	254
Pension expense	-	-	11,311
Total expenditures	<u>187,575</u>	<u>237,536</u>	<u>83,037</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE
ROE/ISC OPERATIONS - PROJECT #16-3730-00
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 67,194	\$ 67,273	\$ 67,273
Expenditures:			
Salaries	38,400	38,564	38,564
Benefits	13,025	10,960	5,399
Purchased services	13,351	15,563	15,560
Supplies and materials	718	658	657
Capital outlay	800	560	560
Other	900	968	972
Pension expense	-	-	5,561
Total expenditures	67,194	67,273	67,273
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**TITLE II TEACHER QUALITY - LEADERSHIP GRANT - PROJECT #16-4935-02
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,788	\$ 1,788	\$ 1,788
Expenditures:			
Salaries	57	57	64
Benefits	31	31	9
Purchased services	1,700	1,700	1,700
Pension expense	-	-	15
Total expenditures	1,788	1,788	1,788
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #16-3695-15
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues:			
State sources	\$ 141,399	\$ 141,399	\$ 141,399
Interest	-	-	1
Total revenues	<u>141,399</u>	<u>141,399</u>	<u>141,400</u>
Expenditures:			
Salaries	81,760	77,160	76,857
Benefits	14,150	14,982	10,140
Purchased services	13,695	10,295	9,584
Supplies and materials	459	459	465
Pension expense	-	-	5,906
Payments to other governments	<u>31,335</u>	<u>38,503</u>	<u>38,448</u>
Total expenditures	<u>141,399</u>	<u>141,399</u>	<u>141,400</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**MATHEMATICS AND SCIENCE PARTNERSHIPS (MATH 2016) - PROJECT #16-4936-MA
For the year ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 99,155
Expenditures:			
Salaries	67,568	70,630	47,008
Benefits	31,745	32,662	5,182
Purchased services	18,101	24,922	10,011
Supplies and materials	2,556	2,556	1,527
Pension expense	-	-	16,165
Payments to other governments	130,030	119,230	19,262
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>99,155</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u>\$ -</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**MATHEMATICS AND SCIENCE PARTNERSHIPS (MATH 2015) - PROJECT #15-4936-MA
For the year ended June 30, 2016**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 218,451
Expenditures:			
Salaries	40,550	39,400	32,008
Benefits	16,974	16,524	4,400
Purchased services	34,181	35,781	30,133
Supplies and materials	34,075	34,075	22,283
Pension expense	-	-	9,992
Payments to other governments	124,220	124,220	119,635
Total expenditures	250,000	250,000	218,451
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**MATHEMATICS AND SCIENCE PARTNERSHIPS (SCIENCE 2016) - PROJECT #16-4936-SA
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 98,297
Expenditures:			
Salaries	62,898	67,398	46,472
Benefits	29,452	30,985	4,835
Purchased services	44,466	37,199	12,940
Supplies and materials	2,954	4,988	1,246
Pension expense	-	-	15,946
Payments to other governments	110,230	109,430	16,858
Total expenditures	250,000	250,000	98,297
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
WATERLOO OFFICE**

**MATHEMATICS AND SCIENCE PARTNERSHIPS (SCIENCE 2015) - PROJECT #15-4936-SA
For the year ended June 30, 2016**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Federal sources	\$ 250,000	\$ 250,000	\$ 222,214
Expenditures:			
Salaries	40,550	34,050	32,008
Benefits	16,974	14,445	4,505
Purchased services	37,736	49,636	50,970
Supplies and materials	43,520	40,649	28,800
Pension expense	-	-	10,299
Payments to other governments	111,220	111,220	95,632
Total expenditures	250,000	250,000	222,214
Net change in fund balances	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	Teacher's Institute Fund	Bus Driver Permit Fund	General Education Development Fund	Total
ASSETS				
Cash and cash equivalents	\$ 36,649	\$ 4,811	\$ 19,800	\$ 61,260
Accounts receivable	-	-	202	202
Due from other governments	-	1,183	-	1,183
	<u>\$ 36,649</u>	<u>\$ 5,994</u>	<u>\$ 20,002</u>	<u>\$ 62,645</u>
Total assets	<u>\$ 36,649</u>	<u>\$ 5,994</u>	<u>\$ 20,002</u>	<u>\$ 62,645</u>
LIABILITIES				
Accounts payable	\$ 95	\$ -	\$ -	\$ 95
Due to other funds	-	-	20	20
	<u>95</u>	<u>-</u>	<u>20</u>	<u>115</u>
Total liabilities	95	-	20	115
FUND BALANCES				
Restricted	<u>36,554</u>	<u>5,994</u>	<u>19,982</u>	<u>62,530</u>
Total liabilities and fund balances	<u>\$ 36,649</u>	<u>\$ 5,994</u>	<u>\$ 20,002</u>	<u>\$ 62,645</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
WATERLOO OFFICE
For the year ended June 30, 2016**

	Teacher's Institute Fund	Bus Driver Permit Fund	General Education Development Fund	Total
Revenues:				
Local sources	\$ 17,645	\$ 2,060	\$ 1,817	\$ 21,522
State sources	-	1,183	-	1,183
Interest	64	14	39	117
	<u>17,709</u>	<u>3,257</u>	<u>1,856</u>	<u>22,822</u>
Total revenues				
Expenditures:				
Salaries	7,871	-	1,920	9,791
Benefits	1,573	-	654	2,227
Purchased services	1,123	895	115	2,133
Supplies and materials	-	289	-	289
Other	48	49	-	97
Pension expense	1,570	-	548	2,118
	<u>12,185</u>	<u>1,233</u>	<u>3,237</u>	<u>16,655</u>
Total expenditures				
Net change in fund balances	5,524	2,024	(1,381)	6,167
Fund balances, beginning of year	<u>31,030</u>	<u>3,970</u>	<u>21,363</u>	<u>56,363</u>
Fund balances, end of year	<u>\$ 36,554</u>	<u>\$ 5,994</u>	<u>\$ 19,982</u>	<u>\$ 62,530</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

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

	<u>Distributive Fund</u>	<u>Area V Trail</u>	<u>State Trail</u>	<u>Connecting Conference</u>	<u>The Maidez Center</u>	<u>School Facility Sales Tax</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 65,172	\$ 26,563	\$ 29,019	\$ 67,048	\$ 217,827	\$ 405,629
Accounts receivable	-	7,814	895	435	-	-	9,144
Due from other governments	80,457	501	-	-	5,696	699,135	785,789
Total assets	<u>\$ 80,457</u>	<u>\$ 73,487</u>	<u>\$ 27,458</u>	<u>\$ 29,454</u>	<u>\$ 72,744</u>	<u>\$ 916,962</u>	<u>\$ 1,200,562</u>
LIABILITIES							
Due to other governments	<u>\$ 80,457</u>	<u>\$ 73,487</u>	<u>\$ 27,458</u>	<u>\$ 29,454</u>	<u>\$ 72,744</u>	<u>\$ 916,962</u>	<u>\$ 1,200,562</u>
Total liabilities	<u>\$ 80,457</u>	<u>\$ 73,487</u>	<u>\$ 27,458</u>	<u>\$ 29,454</u>	<u>\$ 72,744</u>	<u>\$ 916,962</u>	<u>\$ 1,200,562</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,371,001	\$ 2,371,001	\$ -
Due from other governments	28,129	80,457	28,129	80,457
Total assets	<u>\$ 28,129</u>	<u>\$ 2,451,458</u>	<u>\$ 2,399,130</u>	<u>\$ 80,457</u>
LIABILITIES				
Due to other governments	\$ 28,129	\$ 2,451,458	\$ 2,399,130	\$ 80,457
Total liabilities	<u>\$ 28,129</u>	<u>\$ 2,451,458</u>	<u>\$ 2,399,130</u>	<u>\$ 80,457</u>
<u>AREA V TRAIL</u>				
ASSETS				
Cash and cash equivalents	\$ 47,522	\$ 132,002	\$ 114,352	\$ 65,172
Accounts receivable	-	7,814	-	7,814
Due from other governments	255	501	255	501
Total assets	<u>\$ 47,777</u>	<u>\$ 140,317</u>	<u>\$ 114,607</u>	<u>\$ 73,487</u>
LIABILITIES				
Due to other governments	\$ 47,777	\$ 140,317	\$ 114,607	\$ 73,487
Total liabilities	<u>\$ 47,777</u>	<u>\$ 140,317</u>	<u>\$ 114,607</u>	<u>\$ 73,487</u>
<u>STATE TRAIL</u>				
ASSETS				
Cash and cash equivalents	\$ 16,746	\$ 47,378	\$ 37,561	\$ 26,563
Accounts receivable	-	895	-	895
Due from other governments	537	-	537	-
Total assets	<u>\$ 17,283</u>	<u>\$ 48,273</u>	<u>\$ 38,098</u>	<u>\$ 27,458</u>
LIABILITIES				
Due to other governments	\$ 17,283	\$ 48,273	\$ 38,098	\$ 27,458
Total liabilities	<u>\$ 17,283</u>	<u>\$ 48,273</u>	<u>\$ 38,098</u>	<u>\$ 27,458</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS
For the year ended June 30, 2016**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>CONNECTING CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 28,120	\$ 7,202	\$ 6,303	\$ 29,019
Accounts receivable	-	435	-	435
Total assets	<u>\$ 28,120</u>	<u>\$ 7,637</u>	<u>\$ 6,303</u>	<u>\$ 29,454</u>
LIABILITIES				
Due to other governments	\$ 28,120	\$ 7,637	\$ 6,303	\$ 29,454
Total liabilities	<u>\$ 28,120</u>	<u>\$ 7,637</u>	<u>\$ 6,303</u>	<u>\$ 29,454</u>
<u>THE MAIDEZ CENTER</u>				
ASSETS				
Cash and cash equivalents	\$ 61,763	\$ 88,415	\$ 83,130	\$ 67,048
Due from other governments	-	5,696	-	5,696
Total assets	<u>\$ 61,763</u>	<u>\$ 94,111</u>	<u>\$ 83,130</u>	<u>\$ 72,744</u>
LIABILITIES				
Due to other governments	\$ 61,763	\$ 94,111	\$ 83,130	\$ 72,744
Total liabilities	<u>\$ 61,763</u>	<u>\$ 94,111</u>	<u>\$ 83,130</u>	<u>\$ 72,744</u>
<u>SCHOOL FACILITY</u>				
<u>SALES TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 244,183	\$ 2,878,403	\$ 2,904,759	\$ 217,827
Due from other governments	745,476	699,135	745,476	699,135
Total assets	<u>\$ 989,659</u>	<u>\$ 3,577,538</u>	<u>\$ 3,650,235</u>	<u>\$ 916,962</u>
LIABILITIES				
Due to other governments	\$ 989,659	\$ 3,577,538	\$ 3,650,235	\$ 916,962
Total liabilities	<u>\$ 989,659</u>	<u>\$ 3,577,538</u>	<u>\$ 3,650,235</u>	<u>\$ 916,962</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)
AGENCY FUNDS
For the year ended June 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>TOTAL</u>				
ASSETS				
Cash and cash equivalents	\$ 398,334	\$ 5,524,401	\$ 5,517,106	\$ 405,629
Accounts receivable	-	9,144	-	9,144
Due from other governments	<u>774,397</u>	<u>785,789</u>	<u>774,397</u>	<u>785,789</u>
Total assets	<u>\$ 1,172,731</u>	<u>\$ 6,319,334</u>	<u>\$ 6,291,503</u>	<u>\$ 1,200,562</u>
LIABILITIES				
Due to other governments	<u>\$ 1,172,731</u>	<u>\$ 6,319,334</u>	<u>\$ 6,291,503</u>	<u>\$ 1,200,562</u>
Total liabilities	<u>\$ 1,172,731</u>	<u>\$ 6,319,334</u>	<u>\$ 6,291,503</u>	<u>\$ 1,200,562</u>

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2016**

	ROE #45	Career Center of Southern Illinois	Mental Health	Chester NHSD 122	OKAW Regional Voc System-EFE	Total
State Funds						
General State Aid - Sec. 18-8	\$ 81,064	\$ 435,234	\$ -	\$ 124,240	\$ -	\$ 640,538
General State Aid - Loss Limit Grant	3,701	19,874	-	2,118	-	25,693
Funding for Children Requiring Special Education Services	-	-	-	5,160	-	5,160
Special Education - Summer School	-	-	-	299	-	299
Career & Technical Education Improvement (CTEI)	-	-	-	-	406,045	406,045
State Free Lunch & Breakfast	74	390	-	-	-	464
Transportation - Regular and Vocational	-	59,350	-	22,262	-	81,612
Transportation - Special Education	-	-	-	9,890	-	9,890
Truants Alternative/Optional Education	117,830	-	-	-	-	117,830
Regional Safe Schools	48,452	-	-	-	-	48,452
Other State Programs	32,613	-	-	-	-	32,613
Total State Funds	283,734	514,848	-	163,969	406,045	1,368,596

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES (Concluded)
DISTRIBUTIVE FUND
For the year ended June 30, 2016**

	ROE #45	Career Center of Southern Illinois	Mental Health	Chester NHSD 122	OKAW Regional Voc System-EFE	Total
Federal Funds						
National School Lunch Program	5,226	27,715	-	-	-	32,941
School Breakfast Program	3,337	14,950	-	-	-	18,287
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	38,349	-	-	38,349
Fed. - Sp. Ed. - IDEA - Flow Through	-	-	44,304	-	-	44,304
CTE - Perkins - DHS Education	-	-	144,716	-	-	144,716
CTE - Perkins - Secondary	-	-	-	-	75,886	75,886
Title II - Teacher Quality	-	1,193	-	-	-	1,193
Title II - Teacher Quality - Leadership	1,788	-	-	-	-	1,788
Mathematics & Science Partnerships	644,941	-	-	-	-	644,941
Total Federal Funds	655,292	43,858	227,369	-	75,886	1,002,405
Total Distributions	\$ 939,026	\$ 558,706	\$ 227,369	\$ 163,969	\$ 481,931	\$ 2,371,001

FEDERAL COMPLIANCE SECTION

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
Rural Education				
Rural Education Achievement Program	84.358A		\$ 16,668	\$ 16,668
<i>Passed through Illinois State Board of Education</i>				
Improving Teacher Quality State Grants				
Title II - Teacher Quality Leadership Grant	84.367A	16-4935-02		1,788
(M) Mathematics and Science Partnerships	84.366B	15-4936-MA		218,451
(M) Mathematics and Science Partnerships	84.366B	16-4936-MA		99,155
(M) Mathematics and Science Partnerships	84.366B	15-4936-SA		222,214
(M) Mathematics and Science Partnerships	84.366B	16-4936-SA		98,297
				<u>638,117</u>
<i>Passed through Illinois Community College Board</i>				
Adult Education - Basic Grants to States				
Adult Education and Family Literacy - Federal Basic	84.002A	522AD		20,131
<i>Passed through Regional Office of Education #3</i>				
Education for Homeless Children and Youth				
McKinney Vento Education for Homeless Children	84.196A	16-4920-00		30,000
<i>Passed through Regional Office of Education #47</i>				
Special Education - State Personnel Development				
Title I - IDEA Improvement Grants - Part D RTI	84.323A	15-4631-RN		83,037
<i>Passed through Regional Office of Education #50</i>				
Title I Grants to Local Educational Agencies				
Title I School Improvement and Accountability	84.010A	16-4331-SS		58,248
Total U.S. Department of Education			<u>16,668</u>	<u>847,989</u>
(M) Program was audited as a major program				

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
For the year ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:				
<i>Passed through Illinois State Board of Education</i>				
Child Nutrition Cluster				
National School Lunch Program	10.555	16-4210-00		4,668
National School Lunch Program	10.555	15-4210-00		558
Total National School Lunch Program				<u>5,226</u>
School Breakfast Program	10.553	16-4220-00		2,977
School Breakfast Program	10.553	15-4220-00		360
Total School Breakfast Program				<u>3,337</u>
Total Child Nutrition Cluster				<u>8,563</u>
Total U.S. Department of Agriculture				<u>8,563</u>
TOTAL			<u>\$ 16,668</u>	<u>\$ 856,552</u>

(M) Program was audited as a major program

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

**MONROE AND RANDOLPH COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 45**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2016**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Regional Office of Education No. 45 under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Regional Office of Education No. 45, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional Office of Education No. 45.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATES

The Regional Office of Education No. 45 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.