

State of Illinois
CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 13

FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2016

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

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

For the Year Ended June 30, 2016

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

OFFICIALS

For the Year Ended June 30, 2016

Regional Superintendent
(Current and During the Audit Period)

Mr. Ron Daniels

Assistant Regional Superintendent
(Current and During the Audit Period)

Ms. Melanie Andrews

Offices are located at:

930 B Fairfax
Carlyle, IL 62231

1710 Broadway
Mt. Vernon, IL 62864

200 East Schwartz Street
Salem, IL 62881

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

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2016

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

AUDITORS' REPORT

The auditors' reports do not contain scope limitations, disclaimers or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

Number of	This Audit	Prior Audit
Audit findings	6	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

2016-001	10a-10b	Controls over Financial Statement Preparation	Material Weakness
2016-002	10c-10d	Internal Control over Cash	Significant Deficiency
2016-003	10e-10f	Inadequate Controls over Property and Equipment	Material Weakness
2016-004	10g-10h	Internal Control over Grant Compliance	Significant Deficiency/ Noncompliance
2016-005	10i-10j	Internal Controls over Payroll and Grant Compliance	Significant Deficiency/ Noncompliance
2016-006	10k-10l	Delay of Audit	Noncompliance

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

EXIT CONFERENCE

No formal exit conference was held with the management of Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education #13. The findings and recommendations in this report were discussed with management of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education at various informal meetings. Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's responses to the recommendations and corrective action plans were provided by Ron Daniels, Regional Superintendent, in an email dated August 14, 2019.

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

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2016

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

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

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61988

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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 16 to the financial statements, the Clinton, Marion, and Washington Counties Regional Office of Education No. 13 consolidated the Jefferson and Hamilton Counties Regional Office of Education No. 25 into its Education Service Region effective July 1, 2015.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2019, on our consideration of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
September 18, 2019

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

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's basic financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2016-001 and 2016-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2016-002, 2016-004, and 2016-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2016-004, 2016-005, and 2016-006.

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Mattoon, Illinois
September 18, 2019

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

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements in accordance with GAAP

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiency identified?	Yes
• Noncompliance material to financial statements noted?	No

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

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2016

Section II - Financial Statement Findings

FINDING NO. 2016-001 - Controls Over Financial Statement Preparation (Repeat of Findings 2015-001 and 2014-001)

Criteria/Specific Requirement:

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

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

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

Condition:

The ROE did not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. The ROE does not have sufficient internal controls over the processing of some accounting transactions. There are not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expense in accordance with GAAP.

In addition, numerous significant adjustments were required to present financial statements in accordance with generally accepted accounting principles. This included transferring beginning assets, liabilities, and fund balances acquired from the merger with the Regional Office of Education No. 25 as of July 1, 2015. There was also activity being recorded on a separate ledger during FY16 that was related to Jefferson County which was previously associated with the Regional Office of Education No. 25. This activity was not originally provided to the auditors.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-001 - Controls Over Financial Statement Preparation (Repeat of Findings 2015-001 and 2014-001) (Continued)

Effect:

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

Cause:

With limited resources, the Regional Office of Education did not have the personnel with the appropriate knowledge and training to prepare the full financial statements of the combined regional offices. There were many differences in the programs of the two Regional Offices and the proper combination of the financial records was confusing.

Auditors' Recommendation:

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

Management's Response:

The Regional Office of Education understands the nature of this finding and realizes that funding limits have created this challenge. The Regional Office has made the commitment to provide training to personnel and hire outside accounting firms to work with staff to properly prepare the financial statements of the office.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-002 - Internal Control over Cash

Criteria/Specific Requirement:

The Regional Office of Education #13 is responsible for establishing and maintaining a system of internal controls over cash to prevent errors and fraud. This includes the timely preparation and review of bank reconciliations. Bank reconciliations should be performed within a month of the closing date on the bank statement.

Condition:

During our review of the Regional Office of Education #13's cash records, we noted bank reconciliations were not prepared or reviewed in a timely manner as described below.

Month Ending	Date Prepared	Date Reviewed
July 31, 2015	November 24, 2015	No approval indicated
August 31, 2015	December 10, 2015	December 18, 2015
September 30, 2015	December 15, 2015	December 18, 2015
October 31, 2015	December 18, 2015	December 30, 2015
November 30, 2015	January 7, 2016	Not indicated
December 31, 2015	January 11, 2016	Not indicated
January 31, 2016	April 7, 2016	Not indicated
February 29, 2016	April 11, 2016	April 14, 2016
March 31, 2016	May 18, 2016	May 20, 2016
April 30, 2016	June 14, 2016	June 16, 2016
May 31, 2016	August 15, 2016	August 15, 2016
June 30, 2016	August 15, 2016	August 15, 2016

Effect:

The Regional Office of Education #13's management, or its employees, in the normal course of performing their assigned functions, may not prevent or detect a misstatement of cash in a timely manner.

Cause:

In the transition phase of the combination of the Regional Office of Education #25 and the Regional Office of Education #13, duties to perform the bank reconciliations had not been clearly assigned.

Auditors' Recommendation:

As part of internal control over cash, the Regional Office of Education #13 should prepare and review the monthly bank reconciliations within a month of the closing date on the bank statement. The review should be indicated in writing, including the individual performing the review and the date.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-002 - Internal Control over Cash (Continued)

Management's Response:

Bank reconciliations are currently, and will continue to be, properly prepared by a staff member and reviewed by the Regional Superintendent.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-003 - Inadequate Controls over Property and Equipment

Criteria/Specific Requirement:

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

In addition, sound internal controls require that policies and procedures on capital assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and they should be formally documented and consistently applied.

Condition:

The Regional Office of Education #13 did not have adequate controls over capital assets.

The equipment listing provided by the Regional Office was inaccurate and incomplete. Auditors noted the following during testing of capital assets:

- * The first capital asset listing provided to the auditors excluded all of the capital assets acquired through the merger with the Regional Office of Education #25 as of July 1, 2015 (a net understatement to beginning capital assets of \$625,014).
- * The second capital asset listing provided to the auditors included equipment received in the merger with the Regional Office of Education #25 that was sold during FY16 with a cost of \$21,812 and ending accumulated depreciation of \$11,633. The listing also excluded nine capital assets from prior years totaling \$15,566, two new capital assets from the current year with costs totaling \$1,615, and included two extra capital assets totaling \$2,000, a total understatement in cost of \$15,181. Beginning accumulated depreciation was also overstated by \$152,924.
- * The third capital asset listing provided to the auditors included corrections of formula errors noted by the Regional Office. However, the sale of equipment during FY16 was still not reflected, and additional understatements to capital asset cost totaling \$4,724 and overstatements to beginning accumulated depreciation of \$151,137 were still noted. It was then determined that an outside accountant should be hired to assist the Regional Office in preparing an accurate and complete listing of fixed assets for the current year.
- * A physical inventory of capital assets was not taken at year-end.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-003 - Inadequate Controls over Property and Equipment (Continued)

Effect:

The absence of a sound system of internal controls over capital assets results in inaccurate reporting of capital assets within the financial statements and inadequate physical control of equipment items. An incomplete capital asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

Cause:

During the transition of combining the documents and records of the two offices, staff did not possess the expertise to properly combine the assets of the Regional Offices.

Auditors' Recommendation:

The Regional Office should adhere to the ROE Accounting Manual capital asset policy and procedures to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for the accurate reporting of capital asset balances.

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

Management's Response:

An accounting firm was secured by the Regional Office to correct the errors made by employees of the Regional Office and a new, corrected asset listing was created. The firm will continue to support staff in keeping an accurate report of assets and asset balances.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-004 - Internal Control over Grant Compliance

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain procedures into their operations in order to comply with the grant agreements with these entities. The Regional Office is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to complete accurate and timely quarterly expenditure reports required for grants administered by the Illinois State Board of Education (ISBE) and passed through other entities to the Regional Office. Grant expenditure reports should be reconciled to the corresponding general ledger amounts before submission.

Condition:

The ROE did not reconcile grant expenditure reports to the final general ledger which resulted in the following errors:

- * The Regional Office had to return \$8,144 during FY16 for Regional Safe School funds received in advance during FY15 for the 2015 project year. Although these funds were obligated properly at June 30, 2015 for accrued payroll, these payroll expenses were never submitted for reimbursement on the final grant expenditure report.
- * The Regional Office is not consistently reporting grant expenditures for the Early Childhood Block Grant. The grant period covers 14 months (July 1 - August 31). Per review of grant expenditure reports and the general ledger, the ROE is reporting expenditures in improper grant periods.
- * The Regional Office's general ledger for Title I - School Improvement System of Support did not agree to the final expenditure reporting. The general ledger included \$54 greater in purchased services and \$747 less in supplies than the expenditure report.

Effect:

Expenditure reports submitted by the Regional Office did not accurately report the expenditures attributed to these grants which could result in potential returns of grant funds, or loss of future funding from granting agencies.

Cause:

An employee error caused an improper final expenditure report to be submitted. Shifting of duties during the transition led to improper assignments of grant funds.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-004 - Internal Control over Grant Compliance (Continued)

Auditors' Recommendation:

The Regional Office should ensure grant expenditure reports agree to the corresponding general ledger amounts, an appropriate review of the grant expenditure report is performed before the report is submitted to the grantor for payment, and expenditures are reported in the proper grant period.

Management's Response:

The Regional Office has reassigned and provided training for staff responsible for grant expenditures. The Regional Superintendent will also closely monitor these reports.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-005 - Internal Controls over Payroll and Grant Compliance

Criteria/Specific Requirement:

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

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

Condition:

The Regional Office was unable to produce time and effort documentation used to distribute the salary and benefit costs for three employees sampled who each worked on multiple programs, including partial work on a federal program. This sample included the Homeless Children/Youth and National School Lunch federal programs; however, upon further review and discussion, time and effort documentation could not be produced for any employee who works on multiple programs, including partial work on a federal program. These employees completed inadequate time sheets that were based on estimated time rather than using actual time and effort documentation. Furthermore, there was no review of the amounts charged to Federal awards based on budget estimates in order to make necessary adjustments ensuring that the final amounts charged to the Federal awards are accurate, allowable, and properly allocated.

Effect:

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

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-005 - Internal Controls over Payroll and Grant Compliance (Continued)

Cause:

New time and effort sheets were not created to match the reassignment and division of responsibilities of staff during the transition.

Auditors' Recommendation:

The Regional Office should develop and implement written policies and procedures over payroll to ensure that proper controls are in place over the use and maintenance of adequate time and effort documentation as required by the Uniform Guidance and the *ISBE State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*.

Management's Response:

The Regional Office agrees with this finding. New forms have been created and are used to specifically calculate time and effort on each grant for staff with divided responsibilities.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-006 - Delay of Audit

Criteria/Specific Requirement:

Regional Office of Education #13 is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Governmental Auditing Standards.

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

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

Condition:

The Regional Office of Education #13 did not provide financial records in an auditable form by the August 31 deadline.

Auditors noted that the original general ledger provided by the Regional Office on August 8, 2016 required adjustments to reconcile the FY16 beginning fund balances to the FY15 ending fund balances. On July 1, 2015, the ROE merged Jefferson County from the Regional Office of Education #25. Beginning assets, liabilities, and fund balances related to Jefferson County were not included. This resulted in a \$103,464 net deficit fund balance being recorded on ROE #13's general ledger. Additionally, the ROE created a separate fund on their FY16 general ledger to record activity relating to Jefferson County.

The Regional Office then provided a separate general ledger from ROE #25's accounting system on May 16, 2017 with activity from July 2015 through February 2016, even though the ROE #25 ceased to exist as of July 1, 2015. The auditors were not informed of the separate accounting records until this date. Multiple material adjusting entries were required to move this activity to the ROE #13's FY16 general ledger and eliminate any duplicate activity created.

Due to issues with the general ledger, grant expenditure reports did not easily reconcile to each respective fund causing delays in grant testing.

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

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2016

Section II - Financial Statement Findings (Continued)

FINDING NO. 2016-006 - Delay of Audit (Continued)

Condition (Continued):

Auditors also noted the original schedule of capital assets provided by the Regional Office on November 16, 2016 had excluded all capital assets acquired during the merger.

The second schedule of capital assets provided on November 9, 2017, included formula errors, sold equipment, extra capital assets, missing capital assets, and beginning accumulated depreciation was significantly overstated.

The third schedule of capital assets provided on November 22, 2017, corrected the formula errors, but was still missing capital assets and significantly overstated beginning accumulated depreciation.

In April of 2018, the Regional Office hired an outside accounting firm to provide the auditors with a complete and accurate schedule of capital assets and ensure all adjusting entries were made correctly in the general ledger.

Effect:

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

Cause:

Before the consolidation, each Regional Office ran many different types of programs and accounts that were difficult to combine. In an attempt to keep finances clarified, the two accounts were kept separate the first six months.

Auditors' Recommendation:

The Regional Office should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm Code 420.320(c)(2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

Management's Response:

The Regional Office understands the mistakes made in preparing the financial statements. The Regional Office has made the commitment to provide training to personnel and hire outside accounting firms to work with staff to properly prepare the financial statements of the office and present these statements by the required deadline.

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

Corrective Action Plan

FINDING NO. 2016-001 - Controls Over Financial Statement Preparation (Repeat of Finding 2015-001)

Condition:

The ROE did not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. The ROE does not have sufficient internal controls over the processing of some accounting transactions. There are not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expense in accordance with GAAP.

In addition, numerous significant adjustments were required to present financial statements in accordance with generally accepted accounting principles. This included transferring beginning assets, liabilities, and fund balances acquired from the merger with the Regional Office of Education No. 25 as of July 1, 2015. There was also activity being recorded on a separate ledger during FY16 that was related to Jefferson County which was previously associated with the Regional Office of Education No. 25. This activity was not originally provided to the auditors.

Plan:

The Regional Office has made the commitment to provide training to personnel and hire outside accounting firms to work with staff to properly prepare the financial statements of the office.

Anticipated Date of Completion:

The ROE anticipates compliance for the fiscal year 2017 audit.

Contact Person:

Mr. Ron Daniels, Regional Superintendent for Clinton, Jefferson, Marion, and Washington Counties

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2016

Corrective Action Plan (Continued)

FINDING NO. 2016-002 - Internal Control over Cash

Condition:

During our review of the Regional Office of Education #13's cash records, we noted bank reconciliations were not prepared or reviewed in a timely manner as described below.

Month Ending	Date Prepared	Date Reviewed
July 31, 2015	November 24, 2015	No approval indicated
August 31, 2015	December 10, 2015	December 18, 2015
September 30, 2015	December 15, 2015	December 18, 2015
October 31, 2015	December 18, 2015	December 30, 2015
November 30, 2015	January 7, 2016	Not indicated
December 31, 2015	January 11, 2016	Not indicated
January 31, 2016	April 7, 2016	Not indicated
February 29, 2016	April 11, 2016	April 14, 2016
March 31, 2016	May 18, 2016	May 20, 2016
April 30, 2016	June 14, 2016	June 16, 2016
May 31, 2016	August 15, 2016	August 15, 2016
June 30, 2016	August 15, 2016	August 15, 2016

Plan:

Bank reconciliations are currently, and will continue to be, properly prepared by a staff member and reviewed by the Regional Superintendent.

Anticipated Date of Completion:

The ROE anticipates compliance for the fiscal year 2017 audit.

Contact Person:

Mr. Ron Daniels, Regional Superintendent for Clinton, Jefferson, Marion, and Washington Counties

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2016

Corrective Action Plan (Continued)

FINDING NO. 2016-003 - Inadequate Controls over Property and Equipment

Condition:

The Regional Office of Education #13 did not have adequate controls over capital assets.

The equipment listing provided by the Regional Office was inaccurate and incomplete. Auditors noted the following during testing of capital assets:

- * The first capital asset listing provided to the auditors excluded all of the capital assets acquired through the merger with the Regional Office of Education #25 as of July 1, 2015 (a net understatement to beginning capital assets of \$625,014).
- * The second capital asset listing provided to the auditors included equipment received in the merger with the Regional Office of Education #25 that was sold during FY16 with a cost of \$21,812 and ending accumulated depreciation of \$11,633. The listing also excluded nine capital assets from prior years totaling \$15,566, two new capital assets from the current year with costs totaling \$1,615, and included two extra capital assets totaling \$2,000, a total understatement in cost of \$15,181. Beginning accumulated depreciation was also overstated by \$152,924.
- * The third capital asset listing provided to the auditors included corrections of formula errors noted by the Regional Office. However, the sale of equipment during FY16 was still not reflected, and additional understatements to capital asset cost totaling \$4,724 and overstatements to beginning accumulated depreciation of \$151,137 were still noted. It was then determined that an outside accountant should be hired to assist the Regional Office in preparing an accurate and complete listing of fixed assets for the current year.
- * A physical inventory of capital assets was not taken at year-end.

Plan:

An accounting firm was secured by the Regional Office to correct the errors made by employees of the Regional Office and a new, corrected asset listing was created. The firm will continue to support staff in keeping an accurate report of assets and asset balances.

Anticipated Date of Completion:

The ROE anticipates compliance for the fiscal year 2017 audit.

Contact Person:

Mr. Ron Daniels, Regional Superintendent for Clinton, Jefferson, Marion, and Washington Counties

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2016

Corrective Action Plan (Continued)

FINDING NO. 2016-004 - Internal Control over Grant Compliance

Condition:

The ROE did not reconcile grant expenditure reports to the final general ledger which resulted in the following errors:

- * The Regional Office had to return \$8,144 during FY16 for Regional Safe School funds received in advance during FY15 for the 2015 project year. Although these funds were obligated properly at June 30, 2015 for accrued payroll, these payroll expenses were never submitted for reimbursement on the final grant expenditure report.
- * The Regional Office is not consistently reporting grant expenditures for the Early Childhood Block Grant. The grant period covers 14 months (July 1 - August 31). Per review of grant expenditure reports and the general ledger, the ROE is reporting expenditures in improper grant periods.
- * The Regional Office's general ledger for Title I - School Improvement System of Support did not agree to the final expenditure reporting. The general ledger included \$54 greater in purchased services and \$747 less in supplies than the expenditure report.

Plan:

The Regional Office has reassigned and provided training for staff responsible for grant expenditures. The Regional Superintendent will also closely monitor these reports.

Anticipated Date of Completion:

The ROE anticipates compliance for the fiscal year 2017 audit.

Contact Person:

Mr. Ron Daniels, Regional Superintendent for Clinton, Jefferson, Marion, and Washington Counties

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2016

Corrective Action Plan (Continued)

FINDING NO. 2016-005 - Internal Controls over Payroll and Grant Compliance

Condition:

The Regional Office was unable to produce time and effort documentation used to distribute the salary and benefit costs for three employees sampled who each worked on multiple programs, including partial work on a federal program. This sample included the Homeless Children/Youth and National School Lunch federal programs; however, upon further review and discussion, time and effort documentation could not be produced for any employee who works on multiple programs, including partial work on a federal program. These employees completed inadequate time sheets that were based on estimated time rather than using actual time and effort documentation. Furthermore, there was no review of the amounts charged to Federal awards based on budget estimates in order to make necessary adjustments ensuring that the final amounts charged to the Federal awards are accurate, allowable, and properly allocated.

Plan:

The Regional Office agrees with this finding. New forms have been created and are used to specifically calculate time and effort on each grant for staff with divided responsibilities.

Anticipated Date of Completion:

The ROE anticipates compliance for the fiscal year 2017 audit.

Contact Person:

Mr. Ron Daniels, Regional Superintendent for Clinton, Jefferson, Marion, and Washington Counties

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

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 2016

Corrective Action Plan (Continued)

FINDING NO. 2016-006 - Delay of Audit

Condition:

The Regional Office of Education #13 did not provide financial records in an auditable form by the August 31 deadline.

Auditors noted that the original general ledger provided by the Regional Office on August 8, 2016 required adjustments to reconcile the FY16 beginning fund balances to the FY15 ending fund balances. On July 1, 2015, the ROE merged Jefferson County from the Regional Office of Education #25. Beginning assets, liabilities, and fund balances related to Jefferson County were not included. This resulted in a \$103,464 net deficit fund balance being recorded on ROE #13's general ledger. Additionally, the ROE created a separate fund on their FY16 general ledger to record activity relating to Jefferson County.

The Regional Office then provided a separate general ledger from ROE #25's accounting system on May 16, 2017 with activity from July 2015 through February 2016, even though the ROE #25 ceased to exist as of July 1, 2015. The auditors were not informed of the separate accounting records until this date. Multiple material adjusting entries were required to move this activity to the ROE #13's FY16 general ledger and eliminate any duplicate activity created.

Due to issues with the general ledger, grant expenditure reports did not easily reconcile to each respective fund causing delays in grant testing.

Auditors also noted the original schedule of capital assets provided by the Regional Office on November 16, 2016 had excluded all capital assets acquired during the merger.

The second schedule of capital assets provided on November 9, 2017, included formula errors, sold equipment, extra capital assets, missing capital assets, and beginning accumulated depreciation was significantly overstated.

The third schedule of capital assets provided on November 22, 2017, corrected the formula errors, but was still missing capital assets and significantly overstated beginning accumulated depreciation.

In April of 2018, the Regional Office hired an outside accounting firm to provide the auditors with a complete and accurate schedule of capital assets and ensure all adjusting entries were made correctly in the general ledger.

Plan:

The Regional Office has made the commitment to provide training to personnel and hire outside accounting firms to work with staff to properly prepare the financial statements of the office and present these statements by the required deadline.

Anticipated Date of Completion:

The ROE anticipates compliance for the fiscal year 2017 audit.

Contact Person:

Mr. Ron Daniels, Regional Superintendent for Clinton, Jefferson, Marion, and Washington Counties

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED

For the Year Ended June 30, 2016

None

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 372,051	\$ 10,534	\$ 382,585
Investments	16,223	-	16,223
Accounts receivable	53,139	17,375	70,514
Interfund due to/from	(308,893)	308,893	-
Due from agency fund	-	29,979	29,979
Due from other governments:	714,777	57,361	772,138
Total current assets	<u>847,297</u>	<u>424,142</u>	<u>1,271,439</u>
Noncurrent assets:			
Capital assets, net of depreciation	600,131	304	600,435
Total noncurrent assets	<u>600,131</u>	<u>304</u>	<u>600,435</u>
Total assets	<u>1,447,428</u>	<u>424,446</u>	<u>1,871,874</u>
Deferred outflows of resources			
Deferred outflows related to pensions	950,168	-	950,168
Liabilities			
Current liabilities:			
Accounts payable	33,757	9,460	43,217
Salary and benefits payable	236,937	-	236,937
Unearned revenue	219	-	219
Due to other governments	46,327	86	46,413
Current portion of long-term debt	24,325	-	24,325
Total current liabilities	<u>341,565</u>	<u>9,546</u>	<u>351,111</u>
Noncurrent liabilities:			
Net pension liability	1,415,972	-	1,415,972
Long-term debt, net of current portion	250,523	-	250,523
Total noncurrent liabilities	<u>1,666,495</u>	<u>-</u>	<u>1,666,495</u>
Total liabilities	<u>2,008,060</u>	<u>9,546</u>	<u>2,017,606</u>
Deferred inflows of resources			
Deferred inflows related to pensions	244,358	-	244,358
Net position			
Net investment in capital assets	325,283	304	325,587
Restricted - other	199,680	-	199,680
Unrestricted	(379,785)	414,596	34,811
Total net position	<u>\$ 145,178</u>	<u>\$ 414,900</u>	<u>\$ 560,078</u>

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

CLINTON, JEFFERSON, MARION, AND WASHINGTON COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 13
 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	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
Primary Government:							
Governmental Activities:							
Instructional Services:							
Salaries and benefits	\$ 3,493,230	\$ -	\$ 2,775,598	\$ (717,632)	\$ -	\$ (717,632)	
Purchased services	728,573	-	469,697	(258,876)	-	(258,876)	
Supplies and materials	171,021	-	131,242	(39,779)	-	(39,779)	
Capital outlay	-	-	-	-	-	-	
Pension expense	353,650	-	189,067	(164,583)	-	(164,583)	
Other objects	2,397	-	-	(2,397)	-	(2,397)	
Depreciation expense	34,173	-	-	(34,173)	-	(34,173)	
Intergovernmental:							
Payments to other governmental units	60,761	-	59,521	(1,240)	-	(1,240)	
Debt service:							
Interest on long-term debt	16,431	-	-	(16,431)	-	(16,431)	
Administrative:							
On-behalf payments - Local	130,890	-	-	(130,890)	-	(130,890)	
On-behalf payments - State	1,025,820	-	-	(1,025,820)	-	(1,025,820)	
Total governmental activities	<u>6,016,946</u>	<u>-</u>	<u>3,625,125</u>	<u>(2,391,821)</u>	<u>-</u>	<u>(2,391,821)</u>	
Business-type activities							
Fees for services	<u>181,762</u>	<u>174,899</u>	<u>-</u>	<u>-</u>	<u>(6,863)</u>	<u>(6,863)</u>	
Total business-type activities	<u>181,762</u>	<u>174,899</u>	<u>-</u>	<u>-</u>	<u>(6,863)</u>	<u>(6,863)</u>	
Total primary government	<u>\$ 6,198,708</u>	<u>\$ 174,899</u>	<u>\$ 3,625,125</u>	<u>(2,391,821)</u>	<u>(6,863)</u>	<u>(2,398,684)</u>	
General Revenues:							
Local sources				480,314	-	480,314	
State sources				563,562	-	563,562	
On-behalf payments - Local				130,890	-	130,890	
On-behalf payments - State				1,025,820	-	1,025,820	
(Loss) on disposal of capital assets				(6,568)	-	(6,568)	
Interest				1,623	1,233	2,856	
Total general revenues				<u>2,195,641</u>	<u>1,233</u>	<u>2,196,874</u>	
Change in net position				(196,180)	(5,630)	(201,810)	
Net position - beginning (restated - see note 16)				<u>341,358</u>	<u>420,530</u>	<u>761,888</u>	
Net position - ending				<u>\$ 145,178</u>	<u>\$ 414,900</u>	<u>\$ 560,078</u>	

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 132,581	\$ 102,959	\$ 122,512	\$ 13,999	\$ -	\$ 372,051
Investments	-	-	16,223	-	-	16,223
Accounts receivable	52,786	353	-	-	-	53,139
Due from other funds	362,956	2,400	-	-	(191,438)	173,918
Due from other governments	78,294	635,040	-	1,443	-	714,777
Total assets	<u>\$ 626,617</u>	<u>\$ 740,752</u>	<u>\$ 138,735</u>	<u>\$ 15,442</u>	<u>\$ (191,438)</u>	<u>\$ 1,330,108</u>
Liabilities						
Accounts payable	\$ 1,451	\$ 32,280	\$ -	\$ -	\$ -	\$ 33,731
Salary and benefits payable	47,260	189,677	-	-	-	236,937
Due to other funds	108,674	438,340	-	-	(191,438)	355,576
Unearned revenue	-	219	-	-	-	219
Due to other governments	11,573	34,720	-	13	-	46,306
Total liabilities	<u>168,958</u>	<u>695,236</u>	<u>-</u>	<u>13</u>	<u>(191,438)</u>	<u>672,769</u>
Deferred inflows of resources						
Unavailable revenue	<u>78,294</u>	<u>133,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,045</u>
Fund balance (deficit)						
Restricted	-	59,342	138,735	15,429	-	213,506
Assigned	314,376	-	-	-	-	314,376
Unassigned	64,989	(147,577)	-	-	-	(82,588)
Total fund balance (deficit)	<u>379,365</u>	<u>(88,235)</u>	<u>138,735</u>	<u>15,429</u>	<u>-</u>	<u>445,294</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ 626,617</u>	<u>\$ 740,752</u>	<u>\$ 138,735</u>	<u>\$ 15,442</u>	<u>\$ (191,438)</u>	<u>\$ 1,330,108</u>

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

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

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

June 30, 2016

Total Fund balances - governmental funds	\$ 445,294
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Capital assets, net	\$ 600,131
Less internal service fund net assets included in internal service fund net position below	<u>(578,346)</u> 21,785

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds 212,045

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

IMRF deferred outflows of resources	\$ 685,545
TRS deferred outflows of resources	264,623
TRS deferred inflows of resources	<u>(244,358)</u> 705,810

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

IMRF net pension liability	\$ (821,500)
TRS net pension liability	<u>(594,472)</u> (1,415,972)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.

Internal service fund net position is: 176,216

Net position of governmental activities	<u>\$ 145,178</u>
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The notes to the financial statements are an integral part of this statement.

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

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

For the Year Ended June 30, 2016

	General Fund	Education Fund	Institute	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Revenues:						
Local sources	\$ 404,032	\$ 19,587	\$ 20,684	\$ 6,974	\$ -	\$ 451,277
Local sources-payments made on behalf of region	130,890	-	-	-	-	130,890
State sources	482,970	2,816,713	-	1,443	-	3,301,126
State sources-payments made on behalf of region	286,965	-	-	-	-	286,965
Federal sources	-	708,889	-	-	-	708,889
Interest	1,173	211	190	49	-	1,623
Total revenues	1,306,030	3,545,400	20,874	8,466	-	4,880,770
Expenditures:						
Instructional Services:						
Salaries and benefits	643,905	2,833,439	-	9,675	-	3,487,019
Purchased services	222,329	479,485	6,778	4,791	-	713,383
Supplies and materials	31,298	133,977	-	55	-	165,330
Pension expense	50,454	193,007	-	772	-	244,233
Other objects	2,397	-	-	-	-	2,397
Payments made on behalf of region - local	130,890	-	-	-	-	130,890
Payments made on behalf of region - state	286,965	-	-	-	-	286,965
Intergovernmental:						
Payments to other governmental units	-	60,761	-	-	-	60,761
Capital outlay	580	-	-	-	-	580
Total expenditures	1,368,818	3,700,669	6,778	15,293	-	5,091,558
Excess (deficiency) of revenues over (under) expenditures	(62,788)	(155,269)	14,096	(6,827)	-	(210,788)
Other financing sources (uses):						
Transfers in	68,712	9,436	1,784	-	(78,599)	1,333
Transfers out	(23,127)	(55,472)	-	-	78,599	-
Total other financing sources (uses)	45,585	(46,036)	1,784	-	-	1,333
Net change in fund balance	(17,203)	(201,305)	15,880	(6,827)	-	(209,455)
Fund balance - beginning (restated - see note 16)	396,568	113,070	122,855	22,256	-	654,749
Fund balance (deficit) - ending	\$ 379,365	\$ (88,235)	\$ 138,735	\$ 15,429	\$ -	\$ 445,294

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

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

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

For the Year Ended June 30, 2016

Net change in fund balances	\$ (209,455)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.

Current year unavailable revenue	\$ 212,045	
Prior year unavailable revenue	<u>(52,960)</u>	159,085

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.

Net pension expense	(108,915)
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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	\$ 580	
Depreciation	<u>(34,173)</u>	22,207
Add back depreciation from internal service funds		(11,386)

Governmental funds report capital outlays as expenditures at the time of purchase; therefore, when an asset is disposed of in a noncash transaction, it is not reflected in the governmental activities financial statements at the time of disposal. However, in the Statement of Activities, the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of capital assets.

	(12,068)
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A transfer of capital assets from internal service funds to governmental activities is not reported in the governmental funds, but is reported as an interfund transfer in governmental activities.

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Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

	<u>(13,935)</u>
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Change in net position of governmental activities	<u>\$ (196,180)</u>
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The notes to the financial statements are an integral part of this statement.

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

STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2016

	Business -Type Activities						Governmental Activities	
	Enterprise Funds							
	Workshops	Mt. Vernon Conference	Film Cooperative	Technology/ Testing Coop	Other Nonmajor Fund - Finger Printing	Total	Internal Service Funds	
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ 10,534	\$ -	\$ -	\$ 10,534	\$ -	
Accounts receivable	10,375	-	-	7,000	-	17,375	-	
Due from other governments	-	-	-	57,361	-	57,361	-	
Due from agency fund	29,979	-	-	-	-	29,979	-	
Due from other funds	228,102	-	-	97,495	-	325,597	-	
Total current assets	268,456	-	10,534	161,856	-	440,846	-	
Noncurrent assets								
Capital assets, net of depreciation	-	-	-	304	-	304	578,346	
Total assets	268,456	-	10,534	162,160	-	441,150	578,346	
Liabilities								
Current liabilities								
Accounts payable	7,053	-	-	2,407	-	9,460	26	
Due to primary government	-	16,704	-	-	-	16,704	127,235	
Due to other governments	-	14	-	72	-	86	21	
Current portion of long-term debt	-	-	-	-	-	-	24,325	
Total current liabilities	7,053	16,718	-	2,479	-	26,250	151,607	
Noncurrent liabilities								
Long-term debt, net of current portion	-	-	-	-	-	-	250,523	
Total liabilities	7,053	16,718	-	2,479	-	26,250	402,130	
Net position								
Net investment in capital assets	-	-	-	304	-	304	303,498	
Unrestricted	261,403	(16,718)	10,534	159,377	-	414,596	(127,282)	
Total net position	\$ 261,403	\$ (16,718)	\$ 10,534	\$ 159,681	\$ -	\$ 414,900	\$ 176,216	

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

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

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

For the Year Ended June 30, 2016

	Business -Type Activities						Governmental Activities	
	Enterprise Funds							
	Workshops	Mt. Vernon Conference	Film Cooperative	Technology/ Testing Coop	Other Nonmajor Fund - Finger Printing	Total		
Operating revenues								
Charges for services	\$ 41,410	\$ 24,055	\$ -	\$ 109,434	\$ -	\$ 174,899	\$ 54,124	
Total operating revenues	41,410	24,055	-	109,434	-	174,899	54,124	
Operating expenses								
Salaries and benefits	-	6,482	-	100,156	-	106,638	6,211	
Purchased services	27,075	12,052	-	23,784	-	62,911	15,190	
Supplies and materials	1,981	626	-	338	-	2,945	5,691	
Pension expense	-	363	-	8,318	-	8,681	502	
Depreciation	283	-	-	304	-	587	22,207	
Total operating expenses	29,339	19,523	-	132,900	-	181,762	49,801	
Operating income (loss)	12,071	4,532	-	(23,466)	-	(6,863)	4,323	
Nonoperating revenues (expenses)								
Interest income	742	2	31	458	-	1,233	-	
Interest expense	-	-	-	-	-	-	(16,431)	
Total nonoperating revenues (expenses)	742	2	31	458	-	1,233	(16,431)	
Income (loss) before transfers	12,813	4,534	31	(23,008)	-	(5,630)	(12,108)	
Transfers								
Transfers in	-	-	-	6,005	-	6,005	-	
Transfers out	-	-	-	-	(6,005)	(6,005)	(1,827)	
Total transfers	-	-	-	6,005	(6,005)	-	(1,827)	
Change in net position	12,813	4,534	31	(17,003)	(6,005)	(5,630)	(13,935)	
Net position - beginning (restated - see note 16)	248,590	(21,252)	10,503	176,684	6,005	420,530	190,151	
Net position - ending	\$ 261,403	\$ (16,718)	\$ 10,534	\$ 159,681	\$ -	\$ 414,900	\$ 176,216	

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

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2016

	Business -Type Activities						Governmental Activities	
	Enterprise Funds							
	Workshops	Mt. Vernon Conference	Film Cooperative	Technology/ Testing Coop	Other Nonmajor Fund - Finger Printing	Total		
Cash flows from operating activities								
Collection of fees	\$ 52,314	\$ 24,055	\$ -	\$ 46,870	\$ 35	\$ 123,274	\$ 59,291	
Payments to suppliers and providers of goods and services	(22,003)	(12,664)	-	(21,643)	(2,215)	(58,525)	(28,117)	
Payments to employees	-	(6,845)	-	(108,474)	1,328	(113,991)	(6,713)	
Net cash provided (used) by operating activities	30,311	4,546	-	(83,247)	(852)	(49,242)	24,461	
Cash flows from noncapital financing activities								
Payments for interfund borrowing, net	(154,360)	(4,548)	-	(9,090)	-	(167,998)	6,749	
Transfers (in) out	-	-	-	6,005	(6,005)	-	(1,333)	
Net cash provided (used for) noncapital financing activities	(154,360)	(4,548)	-	(3,085)	(6,005)	(167,998)	5,416	
Cash flows from capital and related financing activities								
Purchase of capital assets	-	-	-	-	-	-	(1,035)	
Principal paid on capital debt	-	-	-	-	-	-	(26,124)	
Interest paid on capital debt	-	-	-	-	-	-	(16,431)	
Net cash (used for) capital and related financing activities	-	-	-	-	-	-	(43,590)	
Cash flows from investing activities								
Interest	742	2	31	458	-	1,233	-	
Net cash provided by investing activities	742	2	31	458	-	1,233	-	
Net increase (decrease) in cash and cash equivalents	(123,307)	-	31	(85,874)	(6,857)	(216,007)	(13,713)	
Cash and cash equivalents - beginning, restated (see note 16)	123,307	-	10,503	85,874	6,857	226,541	13,713	
Cash and cash equivalents - ending	\$ -	\$ -	\$ 10,534	\$ -	\$ -	\$ 10,534	\$ -	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities								
Operating income (loss)	\$ 12,071	\$ 4,532	\$ -	\$ (23,466)	\$ -	\$ (6,863)	\$ 4,323	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities								
Depreciation	283	-	-	304	-	587	22,207	
(Increase) decrease in accounts receivable	(10,375)	-	-	(7,000)	35	(17,340)	879	
(Increase) decrease in due from other governments	21,279	-	-	(55,564)	-	(34,285)	4,288	
Decrease in deferred outflow related to pension	-	-	-	-	2,307	2,307	-	
Increase (decrease) in accounts payable	7,053	-	-	2,407	(2,215)	7,245	(7,257)	
Increase (decrease) in due to other governments	-	14	-	72	-	86	21	
Increase (decrease) in net pension liability	-	-	-	-	(979)	(979)	-	
Net cash provided by (used for) operating activities	\$ 30,311	\$ 4,546	\$ -	\$ (83,247)	\$ (852)	\$ (49,242)	\$ 24,461	

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

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

STATEMENT OF FIDUCIARY NET POSITION

For the Year Ended June 30, 2016

	Agency Funds
Assets	
Cash and cash equivalents	\$ -
Due from other governments	<u>30,666</u>
Total assets	<u>\$ 30,666</u>
 Liabilities	
Due to primary government	\$ 29,979
Due to other governments	<u>687</u>
Total liabilities	<u>\$ 30,666</u>

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

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 13 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education No. 13 is presented to assist in understanding the Regional Office of Education No. 13's financial statements. The financial statements and notes are representations of the Regional Office of Education No. 13's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

FINANCIAL REPORTING ENTITY

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education No. 13 encompasses Clinton, Jefferson, Marion, and Washington Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education No. 13 and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105.

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

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

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education No. 13, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2016, the Regional Office of Education No. 13 applied for, received, and administered several State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 13. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

Effective July 1, 2015, Clinton, Marion, and Washington Counties Regional Office of Education No. 13 consolidated Jefferson County from Regional Office of Education No. 25 into its educational service region. See Note 16 for restatement of opening fund balances.

SCOPE OF THE REPORTING ENTITY

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

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

In 2016, the Regional Office of Education No. 13 implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Regional Office of Education No. 13 implemented these standards during the current year. The implementation of GASB Statement No. 73 improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 76, reduced the GAAP hierarchy to two categories of authoritative GAAP and addressed the uses of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 72, *Fair Value Measurement and Application*, also became effective for the current year, but this statement had no impact on the Regional Office of Education No. 13's financial statements.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenue received after the Regional Office's availability period are reported as deferred inflows of resources in the fund financial statements but are recognized as current revenue in the government-wide financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

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

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 13. It is used to account for all financial resources in the Region except those required to be accounted and reported for in other funds. The General Fund includes the following:

Administrator's Academy – This program provides required training and continuing education of administrator's.

Conference – This program provides for events such as Talent Search and Olympiad programs.

Office Operations – This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office by Hamilton and Jefferson counties.

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

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

Alternative Education Projects General State Aid (GSA) – This fund accounts for Alternative School General State Aid funding and Federal Breakfast and Lunch programs.

Safe Schools Projects General State Aid (GSA) – This program accounts for General State Aid and miscellaneous income and expenses relative to the Safe School in Centralia.

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

University College Classes – This fund provides the opportunity for teachers and administrators to earn graduate credit through participation in weekend classes in programs leading to advanced degrees. Programs currently offered include a Master's Degree in Educational Administration and a Master's or Specialist Degree in School Administration from EIU.

State Aid – This program accounts for aid provided by the state based on the students that attend the Alternative School and Safe School programs.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Parapro – This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office by Hamilton and Jefferson counties.

Hamilton-Jefferson Educational Services Cooperative – This fund accounts for the Regional Office of Education's operating accounts.

School Improvement – This fund accounts for a cooperative program that administers school improvement activities.

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

Major special revenue funds include the following:

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

ROE/ISC Operations – This fund accounts for the grant that provides the funding for the Regional Office of Education.

ROE/ISC Technology – This program provides support and technical assistance to the Regional Office of Education and the Area 6 schools.

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

Illinois Violence Prevention Authority – This program is a fiscal agent for the 2nd Judicial Circuits Local Family Violence Coordinators Council and supports their efforts.

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

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

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

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

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

General Education Development – This fund accounts for the receipts and expenses pertaining to the G.E.D./High School Equivalency program for high school dropouts.

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

PROPRIETARY FUNDS

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

Workshops - This program provides teacher workshops.

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Continued)

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

The Regional Office of Education No. 13's nonmajor proprietary fund is as follows:

Finger Printing – This program is used to provide finger printing through FIRM Systems for schools, local businesses, and other individuals needing to obtain electronic finger prints for a variety of reasons.

INTERNAL SERVICE FUNDS

Employee Benefits - This fund is utilized to account for the payment of health insurance premiums, workers' compensation premiums, and all State and federal unemployment taxes on behalf of all programs, as well as any other incurred employment liabilities.

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

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

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education #13 in a custodial capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Title II Teacher Quality Leadership Transformational - This accounts for funds sent to Sandoval school district to support professional development for teachers and staff in school districts in the core content areas, school improvement, continuous improvement process, and instructional coaching.

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

Rend Lake Regional Delivery System - This fund receives funds from the Illinois State Board of Education and forwards them to Rend Lake Regional Delivery System.

Regional Vocational Board - This fund supports facilitation, administration, and coordination for the Carl D. Perkins Vocational and Applied Technology Grant and Career and Technical Education Improvement Grant.

Hamilton County 1% Sales Tax - Regional Office of Education #13 was the fiscal agent for the Hamilton County 1% Sales Tax Fund for Hamilton County. Monies received were transferred electronically to each of the Hamilton County school districts based on student enrollment.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES

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

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

Restricted Fund Balance - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following account's fund balances are restricted by grant agreement or contract: Truants Alternative/Optional Education, McKinney Education for Homeless Children, ROE/ISC Operations, Special Education for Infants and Families with Disabilities, Principal Certification Network, and Supervisory. The following accounts' fund balances are restricted by Illinois Statute: General Education Development, ROE School Bus Driver Training, and Institute Fund.

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

Assigned Fund Balance - the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts' fund balances are assigned: Alternative Education Project GSA, Safe School Tuition, Safe School Projects GSA, Administrator's Academy, and Conference.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following accounts' fund balances are unassigned: Special Projects, Office Operations, Southern Thirty, Early Childhood Block Grant, Regional Safe Schools, Title I - School Improvement System of Support, and National and State School Breakfast and Lunch.

NET POSITION

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

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGET INFORMATION

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

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

CASH AND CASH EQUIVALENTS

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

INVENTORY

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

CAPITAL ASSETS

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

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

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

ESTIMATES

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

REVENUE FROM FEDERAL AND STATE GRANTS

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

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

2 DEPOSITS AND INVESTMENTS

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

BANK DEPOSITS

At June 30, 2016, the carrying amount of the Regional Office of Education No. 13's Government-wide deposits were \$398,808, and the bank balances were \$477,919. Of the total bank balances as of June 30, 2016, \$266,231 was secured by federal depository insurance, \$27,443 was invested in Illinois Funds Money Market Fund and \$184,245 was collateralized by securities pledged by the Regional Office of Education No. 13's financial institution in the name of the Regional Office.

CUSTODIAL CREDIT RISK

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

INVESTMENTS

The Regional Office of Education No. 13's, only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2016, the Regional Office of Education No. 13 had investments with carrying and fair value of \$27,443 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2016, the Illinois Funds Money Market Fund had a Standard and Poor's AAm rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

3 CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education No. 13 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases are capitalized when purchased for business-type activities. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 91,500	\$ -	\$ -	\$ 91,500
Capital assets being depreciated:				
Buildings and building improvements	859,479	1,035	-	860,514
Vehicles	47,746	-	-	47,746
Office equipment and furniture	40,658	2,865	-	43,523
Computer equipment	164,895	-	1,272	163,623
Other equipment and leasehold improvements	159,812	580	23,813	136,579
Total capital assets being depreciated	<u>1,272,590</u>	<u>4,480</u>	<u>25,085</u>	<u>1,251,985</u>
Less accumulated depreciation	719,334	34,173	10,153	743,354
Governmental activities investment in capital assets, net	<u>\$ 644,756</u>	<u>\$ (29,693)</u>	<u>\$ 14,932</u>	<u>\$ 600,131</u>
Business-type activities				
Office equipment and furniture	\$ 26,401	\$ -	\$ -	\$ 26,401
Computer equipment	37,149	-	-	37,149
Other equipment and leasehold improvements	19,960	-	-	19,960
Business-type activities total assets	<u>83,510</u>	<u>-</u>	<u>-</u>	<u>83,510</u>
Less accumulated depreciation	82,619	587	-	83,206
Business-type activities investment in capital assets, net	<u>\$ 891</u>	<u>\$ (587)</u>	<u>\$ -</u>	<u>\$ 304</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2016 of \$34,173 and \$587 was charged to governmental activities and business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

The beginning balance at July 1, 2015 has been restated due to the consolidation of the Regional Office of Education No. 25 into the Regional Office of Education No. 13 (see Note 16). Due to the consolidation, additions and deletions to capital assets - governmental activities include adjustments of \$2,865 and \$3,273, respectively, and deletions to the accumulated depreciation - governmental activities includes adjustments of \$945 for the year ended June 30, 2016.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

4 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

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

BENEFITS PROVIDED

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

EMPLOYEES COVERED BY BENEFIT TERMS

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	64
Inactive Plan Members entitled to but not yet receiving benefits	60
Active Plan Members	60
Total	<u>184</u>

CONTRIBUTIONS

As set by statute, the Regional Office of Education No. 13's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education No. 13's annual contribution rate for calendar year 2015 was 10.75%. For the fiscal year ended June 30, 2016, the Regional Office of Education No. 13 contributed \$194,969 to the plan. The Regional Office of Education No. 13 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Regional Office of Education No. 13's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

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

SINGLE DISCOUNT RATE

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	<u>\$ 6,622,212</u>	<u>\$ 6,344,447</u>	<u>\$ 277,765</u>
Changes for the year:			
Service Cost	212,264	-	212,264
Interest on the Total Pension Liability	492,319	-	492,319
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	138,133	-	138,133
Changes of Assumptions	-	-	-
Contributions - Employer	-	211,291	(211,291)
Contributions - Employees	-	91,061	(91,061)
Net Investment Income	-	(3,923)	3,923
Benefit Payments, including Refunds of Employee Contributions	(328,179)	(328,179)	-
Other (Net Transfer)	-	552	(552)
Net Changes	<u>514,537</u>	<u>(29,198)</u>	<u>543,735</u>
Balances at December 31, 2015	<u>\$ 7,136,749</u>	<u>\$ 6,315,249</u>	<u>\$ 821,500</u>

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability	<u>\$ 1,789,008</u>	<u>\$ 821,500</u>	<u>\$ 32,005</u>

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. 13 recognized pension expense of \$434,817. At June 30, 2016, the Regional Office of Education No. 13 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

	Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	
Differences between expected and actuarial experience	\$ 110,604
Changes of assumptions	81,349
Net difference between projected and actual earnings on pension plan investments	<u>396,867</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	588,820
<i>Pension contributions made subsequent to the measurement date</i>	
	<u>96,725</u>
Total Deferred Amounts Related to Pensions	<u>\$ 685,545</u>

\$96,725 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 in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ 153,350
2017	153,350
2018	153,350
2019	128,770
2020	-
Thereafter	-
Total	<u>\$ 588,820</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

5 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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

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

BENEFITS PROVIDED

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

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

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education No. 13.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 13. For the year ended June 30, 2016, the State of Illinois contributions recognized by the Regional Office of Education No. 13 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education No. 13, and the Regional Office of Education No. 13 recognized revenue and expenditures of \$738,855 in pension contributions from the State of Illinois.

2.2 FORMULA CONTRIBUTIONS

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ending June 30, 2016 were \$8,262 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. 13, there is a statutory requirement for the Regional Office of Education No. 13 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since 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 \$150,904 were paid from federal and special trust funds that required employer contributions of \$54,416. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

EMPLOYER RETIREMENT COST CONTRIBUTIONS

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education No. 13 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. 13 paid no employer contributions under the ERO program.

The Regional Office of Education No. 13 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the Regional Office of Education No. 13 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

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

At June 30, 2016, the Regional Office of Education No. 13 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$ 594,471
State's proportionate share of the net pension liability associated with the employer	9,018,290
	<hr/> <hr/> <hr/>
	\$ 9,612,761

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. 13's proportion of the net pension liability was based on the Regional Office of Education No. 13's share of contributions to TRS for the measurement year ended June 30, 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. 13's proportion was 0.0009074510 percent, which was an increase of 0.0003375865 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Regional Office of Education No. 13 recognized pension expense of \$738,855 and revenue of \$738,855 for support provided by the State. For the year ended June 30, 2016, the Regional Office of Education No. 13 recognized pension expense of \$35,320. At June 30, 2016, the Regional Office of Education No. 13 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 220	\$ 652
Net difference between projected and actual earnings on pension plan investments	11,773	20,816
Changes in assumptions	8,221	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	181,766	222,890
Employer contributions subsequent to the measurement date	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$ 264,623	\$ 244,358

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

\$62,643 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education No. 13 as a reduction of their net pension liabilities in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(26,536)
2018		(26,536)
2019		(26,536)
2020		37,230
2021		-
	\$	(42,378)

ACTUARIAL ASSUMPTIONS

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

Inflation:	3.00 percent
Salary increase:	varies by amount of service credit
Investment rate of return:	7.50 percent, net of pension plan investment expense, including inflation

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

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

DISCOUNT RATE

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

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefits 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. 13'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #13's proportionate share of the net pension liability calculated using the discount rate of 7.47 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 734,621	\$ 594,471	\$ 479,545

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*.

CHANGES IN NET PENSION LIABILITY - TRS

Net Pension Liability - TRS - June 30, 2015	\$ 346,809
Additions	247,662
Deletions	-
Net Pension Liability - TRS - June 30, 2016	<u>\$ 594,471</u>

6 OTHER POST EMPLOYMENT BENEFITS

TEACHER'S HEALTH INSURANCE SECURITY FUND

The Regional Office of Education No. 13 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but 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 Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

6 OTHER POST EMPLOYMENT BENEFITS (Continued)

ON BEHALF CONTRIBUTIONS TO THE THIS FUND

The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 13. 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 \$15,238, and the Regional Office of Education No. 13 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014, were 1.02 and 0.97 percent of pay, respectively. State contributions on behalf of the Regional Office of Education employees were \$14,173 and \$13,432, respectively.

EMPLOYER CONTRIBUTIONS TO THE THIS FUND

The Regional Office of Education No. 13 also makes contributions to the THIS Fund. The Regional Office of Education No. 13's THIS Fund contribution was 0.80 percent during the year ended June 30, 2016, and 0.76 and 0.72 percent during the years ended June 30, 2015 and June 30, 2014, respectively. For the year ended June 30, 2016, the Regional Office of Education No. 13 paid \$11,393 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. 13 paid \$10,561 and \$9,970 to the THIS Fund, respectively, which was 100 percent of the required contribution.

FURTHER INFORMATION ON THIS FUND

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

7 LINE OF CREDIT

On November 14, 2013, the Regional Office of Education No. 25 established an unsecured \$250,000 line of credit at US Bank in order to cover payroll and other operating expenses prior to receiving funds for various programs. The line of credit bears a rate of interest of 1.2% plus the one-month LIBOR rate in effect two New York Banking Days prior to the first day of each month, the Reprice Date. The line of credit was reduced to \$200,000 and extended on June 30, 2015. The Regional Office of Education No. 13 took on this line of credit upon the merger with the Regional Office of Education No. 25 as of July 1, 2015. The credit agreement expired and the principal amount was due on September 30, 2015. Activity on the line of credit was as follows:

	Balance June 30, 2015	Advances	Payments	Balance June 30, 2016
Line of credit	<u>\$ 199,988</u>	<u>\$ -</u>	<u>\$ 199,988</u>	<u>\$ -</u>

Interest expense for the year ended June 30, 2016 was \$685.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

8 LONG-TERM DEBT

The Regional Office of Education No. 13 had the following loan at June 30, 2016:

Governmental activities:

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

\$ 274,848

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

Years ending		Principal	Interest	Total
June 30,				
2017	\$ 24,325	\$ 14,956	\$ 39,281	
2018	25,708	13,573	39,281	
2019	27,148	12,133	39,281	
2020	28,763	10,518	39,281	
2021	30,424	8,857	39,281	
2022-2026	<u>138,480</u>	<u>16,824</u>	<u>155,304</u>	
	<u>\$ 274,848</u>	<u>\$ 76,861</u>	<u>\$ 351,709</u>	

9 CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2016, was as follows:

Governmental activities:	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Notes payable	\$ 300,972	\$ -	\$ 26,124	\$ 274,848	\$ 24,325

10 INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

10 INTERFUND ACTIVITY (Continued)

DUE TO/FROM OTHER FUNDS (Continued)

Fund	Due from Other Funds	Due to Other Funds
General Fund		
Special Projects	\$ -	\$ 33,606
Alternative Education Projects GSA	42,143	-
Safe School Tuition	179,762	-
Office Operations	-	75,068
Southern Thirty	141,051	-
Education Fund		
Truants Alternative/Optional Education	1,900	-
Early Childhood Block Grant	-	125,521
McKinney Education for Homeless Children	-	39,075
Regional Safe Schools	-	11,629
ROE/ISC Operations	500	78,552
Special Education for Infants and Families with Disabilities	-	150,011
Title I - School Improvement System of Support	-	31,520
National and State School Breakfast and Lunch	-	2,032
Proprietary Fund		
Workshops	258,081	-
Mt. Vernon Conference	-	16,704
Technology/Testing Coop	97,495	-
Internal Service Fund		
Transportation Reimbursement	-	64,455
Building	-	62,780
Agency Fund		
Transforming School Climate to Build Successful Learners	-	23,207
Rend Lake Regional Delivery System	-	6,772
Total	<u>\$ 720,932</u>	<u>\$ 720,932</u>

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2016, consist of the following individual transfer in/out to other funds in the governmental fund balance sheet. The transfers were made to move accumulated unrestricted money to unrestricted funds and to cover expenses not requested for reimbursement of grant funds.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

10 INTERFUND ACTIVITY (Continued)

TRANSFERS (Continued)

Fund	Transfer In	Transfer Out
General Fund		
Special Projects	\$ 4,578	\$ 19,306
Alternative Education Project GSA	6,718	233
Safe School Projects GSA	45,980	-
Office Operations	1,333	-
University College Classes	-	1,784
State Aid	-	1,049
Parapro	-	755
Hamilton Jefferson Educational Services Coop	9,534	-
School Improvement	569	-
Education Fund		
Early Childhood Block Grant	-	44,931
McKinney Education for Homeless Children	-	6,718
Regional Safe Schools	9,203	-
Mt. Vernon Pre-K	233	-
ROE/ISC Technology	-	2,046
Illinois Violence Prevention Authority	-	1,777
Institute Fund	1,784	-
Proprietary Fund		
Technology/Testing Coop	6,005	-
Finger Printing	-	6,005
Internal Service Fund		
Employee Benefits	-	1,827
Governmental Activities Fund		
Statement of Activities	494	-
	<hr/> <u>\$ 86,431</u>	<hr/> <u>\$ 86,431</u>

11 RISK MANAGEMENT

The Regional Office of Education No. 13 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education No. 13 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

12 ON BEHALF PAYMENTS

Clinton, Jefferson, Marion, and Washington Counties provide the Regional Office of Education No. 13 with staff and pay certain expenditures on behalf of the Regional Office of Education No. 13. The expenditures paid on the Regional Office of Education No. 13's behalf for the year ended June 30, 2016, were as follows:

Salaries and benefits	\$ 107,745
Purchased services	21,327
Supplies and materials	1,818
	<hr/>
	\$ 130,890

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education No. 13:

Regional Superintendent Salary	\$ 112,008
Regional Superintendent Fringe Benefit (Includes State paid insurance)	29,789
Assistant Regional Superintendent Salary	100,812
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	29,118
THIS Contributions	15,238
	<hr/>
Total	\$ 286,965

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. These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

The Regional Office of Education No. 13 also recorded \$738,855 in revenue and expenses as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education No. 13 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

Clinton, Jefferson, Marion, and Washington County on behalf payments	\$ 130,890
State of Illinois on behalf payments	286,965
ROE No. 13's share of TRS pension expense	738,855
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Total	\$ 1,156,710

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

13 DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 13's General Fund, Education Fund, and Fiduciary Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments

General Fund:

Illinois State Board of Education	\$ 78,294
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Education Fund:

Illinois State Board of Education	407,351
Department of Human Services	157,099
Local Governments	70,590

Nonmajor Special Revenue Fund:

Illinois State Board of Education	1,443
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Proprietary Fund:

Local Governments	57,361
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Fiduciary Fund:

Illinois State Board of Education	499
Local Governments	30,167
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	\$ 802,804

Due to Other Governments

General Fund

Illinois Dept. of Employment Security	\$ 1,855
Local Governments	9,718

Education Fund

Illinois State Board of Education	30,055
Illinois Dept. of Employment Security	4,665

Nonmajor Special Revenue Fund:

Illinois Dept. of Employment Security	13
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Internal Service Fund:

Illinois Dept. of Employment Security	21
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Proprietary Fund:

Illinois Dept. of Employment Security	86
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Fiduciary Fund:

Illinois Dept. of Employment Security	10
Local Governments	677
	<hr/>
	\$ 47,100

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

14 OPERATING LEASE

The Clinton, Marion, Jefferson, and Washington Counties Regional Office of Education No. 13 has entered into several annual operating lease agreements for the Truants Alternative/Operational Education, Early Childhood Block Grant, Regional Safe School, and Special Education for Infants and Families with Disabilities programs to provide classroom space, office space, and utilities for grant programs. The Regional Office of Education No. 13 has also entered into an annual operating lease agreement for the Building Fund to provide office space. Rent expense for 2016 totaled \$105,795. Future minimum rentals are as follows for the year ending June 30:

2017	\$	21,540
2018		<u>21,540</u>
Total	\$	<u>43,080</u>

15 DEFICIT FUND BALANCE

The following nonmajor governmental funds had a deficit fund balance as of June 30, 2016: Office Operations, Early Childhood Block Grant, Regional Safe Schools, Title I - School Improvement System of Support, and National and State School Breakfast and Lunch accounts. The following nonmajor internal service fund account had a deficit fund balance at June 30, 2016: Transportation Reimbursement account. The following major proprietary fund account had a deficit fund balance at June 30, 2016: Mt. Vernon Conference account.

16 REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013, and directed certain other consolidations. Effective July 1, 2015, Clinton, Marion, and Washington Counties Regional Office of Education No. 13 consolidated Hamilton and Jefferson Counties Regional Office of Education No. 25 into its educational service region.

The Regional Office of Education No. 13 reclassified the opening fund balance for the Governmental funds and Proprietary fund due to the consolidation. The opening fund balance for the Governmental funds was also restated for a prior period adjustment as disclosed below.

During the consolidation, the Regional Office of Education No. 13 acquired capital assets with a value of \$625,014. These capital assets are reflected in the July 1, 2015 balance of Governmental Activities. The opening net position of the governmental activities on the government-wide Statement of Activities has been restated. See also Note 3 for changes in the capital asset values.

The Regional Office of Education No. 13 implemented GASB Statement No. 68 and 71 in fiscal year 2015 and, therefore, restated July 1, 2014, net pension to recognize net pension asset, net pension liability, and the related deferred outflows and inflows related to pensions. During the consolidation process, the Regional Office of Education No. 13 acquired the deferred outflows and inflows of resources and net pension liability related to Hamilton and Jefferson Counties Regional Office of Education No. 25, a reduction in net position of \$(383,369).

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

16 REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Continued)

The following beginning balances have been restated as follows:

General fund

Fund balance - beginning	\$ 392,115
Effect of consolidation on opening fund balance	<u>4,453</u>
Fund balance - beginning, restated	<u><u>\$ 396,568</u></u>

Education fund

Fund balance - beginning	\$ 107,838
Effect of consolidation on opening fund balance	<u>5,232</u>
Fund balance - beginning, restated	<u><u>\$ 113,070</u></u>

Institute fund

Fund balance - beginning	\$ 91,317
Effect of consolidation on opening fund balance	<u>31,538</u>
Fund balance - beginning, restated	<u><u>\$ 122,855</u></u>

Nonmajor special revenue funds

Fund balance - beginning	\$ 19,933
Effect of consolidation on opening fund balance	<u>2,323</u>
Fund balance - beginning, restated	<u><u>\$ 22,256</u></u>

Internal Service Fund

Net position - beginning	\$ -
Effect of consolidation on opening fund balance	<u>190,151</u>
Net position - beginning, restated	<u><u>\$ 190,151</u></u>

Proprietary Fund

Net position - beginning	\$ 458,651
Effect of consolidation on opening fund balance	<u>(38,121)</u>
Net position - beginning, restated	<u><u>\$ 420,530</u></u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

16 REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Continued)

The following beginning balances have been restated as follows:

Governmental activities net position

Net position - July 1, 2015	\$ 413,068
Effect of consolidation on opening fund balance	233,697
Effect of recognizing net deferred outflows, inflows, and net pension liability	(383,369)
Effect of recognizing prior year unavailable revenue	52,960
Effect of consolidation of fair market value of capital assets, net of related debt	<u>25,002</u>
Net position - restated July 1, 2015	<u>\$ 341,358</u>

Business-type activities net position

Net position - beginning	\$ 458,651
Effect of consolidation on opening fund balance	<u>(38,121)</u>
Net position - beginning, restated	<u>\$ 420,530</u>

During the consolidation, the Regional Office of Education No. 13 received \$6,857 in cash and cash equivalents related to business-type activities. The beginning cash balance of the business-type activities on the Proprietary Fund Statement of Cash Flows have been restated to reflect this cash balance as follows:

Business-type activities cash

Cash and cash equivalents - beginning	\$ 219,684
Effect of consolidation on opening fund balance	<u>6,857</u>
Cash and cash equivalents - beginning, restated	<u>\$ 226,541</u>

During the consolidation, the Regional Office of Education No. 13 received \$13,713 in cash and cash equivalents related to internal service funds. The beginning cash balance of the internal service funds on the Internal Service Fund Combining Statement of Cash Flows have been restated to reflect this cash balance as follows:

Internal service funds cash

Cash and cash equivalents - beginning	\$ -
Effect of consolidation on opening fund balance	<u>13,713</u>
Cash and cash equivalents - beginning, restated	<u>\$ 13,713</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2016

16 REGIONAL OFFICE OF EDUCATION CONSOLIDATION (Continued)

Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13 began operations on July 1, 2015, and was formed from the merger of Hamilton and Jefferson Counties Regional Office of Education No. 25 and Clinton, Marion, and Washington Counties Regional Office of Education No. 13. The merger resulted from the Illinois Board of Education's adoption of a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognized consolidations agreed to via county board resolutions prior to June 30, 2013. The initial opening balances of Clinton, Jefferson, Marion, and Washington Counties Regional Office of Education No. 13's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of Hamilton and Jefferson Counties Regional Office of Education No. 25 and Clinton, Marion, and Washington Counties Regional Office of Education No. 13 as of July 1, 2015 as follows:

<u>Merger of Operations as of July 1, 2015</u>			
	ROE No. 13	ROE No. 25	Total
Total current assets	\$ 1,285,175	\$ 170,537	\$ 1,455,712
Total noncurrent assets	20,633	625,014	645,647
Total assets	<u>1,305,808</u>	<u>795,551</u>	<u>2,101,359</u>
Deferred outflows of resources	252,419	71,555	323,974
Total current liabilities	216,212	245,473	461,685
Total noncurrent liabilities	459,772	442,670	902,442
Total liabilities	<u>675,984</u>	<u>688,143</u>	<u>1,364,127</u>
Deferred inflows of resources	10,524	288,794	299,318
Net position:			
Investment in capital assets	20,633	324,042	344,675
Restricted - other	219,088	39,093	258,181
Unrestricted	631,998	(472,966)	159,032
Total net position, restated	<u>\$ 871,719</u>	<u>\$ (109,831)</u>	<u>\$ 761,888</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2015*</u>	<u>2014*</u>
Employer's proportion of the net pension liability	0.0009074510%	0.0005698645%
Employer's proportionate share of the net pension liability	\$ 594,471	\$ 346,809
State's proportionate share of the net pension liability associated with the employer	<u>9,018,290</u>	<u>8,543,759</u>
 Total	 <u>\$ 9,612,761</u>	 <u>\$ 8,890,568</u>
 Employer's covered payroll	 \$ 1,389,546	 \$ 1,450,204
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	42.78%	23.91%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily-required contribution	\$ 62,497	\$ 31,467	\$ 20,951
Contributions in relation to the statutorily-required contribution	<u>62,497</u>	<u>31,511</u>	<u>20,974</u>
 Contribution deficiency (excess)	 <u>\$ -</u>	 <u>\$ (44)</u>	 <u>\$ (23)</u>
 Employer's covered payroll	 \$ 1,424,180	 \$ 1,389,546	 \$ 1,450,204
Contributions as a percentage of covered payroll	4.39%	2.27%	1.45%

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

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2015 reflect an investment rate of return of 7.50 percent, an inflation rate of 3.00 percent and real return of 4.50 percent, and salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.50 percent, an inflation rate of 3.00 percent and real return of 4.50 percent, and salary increases of 5.75 percent.

See accompanying Independent Auditors' Report.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund
Last Two Calendar Years

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

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

See accompanying Independent Auditors' Report.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS (Continued)
Illinois Municipal Retirement Fund
Last Two Calendar Years

Methods and Assumptions Used to Determine 2015 Contribution Rates (Continued):

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

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

See accompanying Independent Auditors' Report.

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

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

Calendar Year Ended December 31,

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 212,264	\$ 204,497
Interest on the Total Pension Liability	492,319	447,045
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	138,133	21,127
Changes of Assumptions	-	226,444
Benefit Payments, including Refunds of Employee Contributions	(328,179)	(270,509)
Net Change in Total Pension Liability	<u>514,537</u>	<u>628,604</u>
Total Pension Liability - Beginning	6,622,212	5,993,608
Total Pension Liability - Ending (A)	<u>\$ 7,136,749</u>	<u>\$ 6,622,212</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 211,291	\$ 230,335
Contributions - Employees	91,061	94,192
Net Investment Income	(3,923)	396,322
Benefit Payments, including Refunds of Employee Contributions	(328,179)	(270,509)
Other (Net Transfer)	552	(5,232)
Net Change in Plan Fiduciary Net Position	<u>(29,198)</u>	<u>445,108</u>
Plan Fiduciary Net Position - Beginning	6,344,447	5,899,339
Plan Fiduciary Net Position - Ending (B)	<u>\$ 6,315,249</u>	<u>\$ 6,344,447</u>
Net Pension Liability - Ending (A) - (B)	\$ 821,500	\$ 277,765
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.49%	95.81%
Covered Valuation Payroll	\$ 1,964,792	\$ 1,920,614
Net Pension Liability as a Percentage of Covered Valuation Payroll	41.81%	14.46%

Notes to Schedule:

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

See accompanying Independent Auditors' Report.

SUPPLEMENTAL INFORMATION

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

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2016

	Special Projects	Alternative Education Project GSA	Safe School Tuition	Safe School Projects GSA	Administrator's Academy
Assets					
Cash and cash equivalents	\$ -	\$ 85,436	\$ -	\$ 37,033	\$ 677
Accounts receivable	51,235	-	-	-	-
Due from other funds	-	42,143	179,762	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 51,235</u>	<u>\$ 127,579</u>	<u>\$ 179,762</u>	<u>\$ 37,033</u>	<u>\$ 677</u>
Liabilities					
Accounts payable	\$ 68	\$ 1,023	\$ -	\$ 360	\$ -
Salary and benefits payable	-	21,544	2,273	13,265	-
Due to other funds	33,606	-	-	-	-
Due to other governments	-	1,035	144	466	-
Total liabilities	<u>33,674</u>	<u>23,602</u>	<u>2,417</u>	<u>14,091</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	-	-
Fund balance (deficit)					
Assigned	-	103,977	177,345	22,942	677
Unassigned	17,561	-	-	-	-
Total fund balance (deficit)	<u>17,561</u>	<u>103,977</u>	<u>177,345</u>	<u>22,942</u>	<u>677</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 51,235</u>	<u>\$ 127,579</u>	<u>\$ 179,762</u>	<u>\$ 37,033</u>	<u>\$ 677</u>

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

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND (Continued)

JUNE 30, 2016

	Conference	Office Operations	Southern Thirty	University College Classes	State Aid
Assets					
Cash and cash equivalents	\$ 9,435	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	1,551	-	-	-
Due from other funds	-	-	141,051	-	-
Due from other governments	-	-	78,294	-	-
Total assets	<u>\$ 9,435</u>	<u>\$ 1,551</u>	<u>\$ 219,345</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary and benefits payable	-	-	10,178	-	-
Due to other funds	-	75,068	-	-	-
Due to other governments	-	9,752	176	-	-
Total liabilities	<u>-</u>	<u>84,820</u>	<u>10,354</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>78,294</u>	<u>-</u>	<u>-</u>
Fund balance (deficit)					
Assigned	9,435	-	-	-	-
Unassigned	<u>-</u>	<u>(83,269)</u>	<u>130,697</u>	<u>-</u>	<u>-</u>
Total fund balance (deficit)	<u>9,435</u>	<u>(83,269)</u>	<u>130,697</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 9,435</u>	<u>\$ 1,551</u>	<u>\$ 219,345</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

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

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND (Continued)

JUNE 30, 2016

	Parapro	Hamilton Jefferson Educational Services Coop	School Improvement	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 132,581
Accounts receivable	-	-	-	52,786
Due from other funds	-	-	-	362,956
Due from other governments	-	-	-	78,294
Total assets	\$ -	\$ -	\$ -	\$ 626,617
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,451
Salary and benefits payable	-	-	-	47,260
Due to other funds	-	-	-	108,674
Due to other governments	-	-	-	11,573
Total liabilities	-	-	-	168,958
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	78,294
Fund balance (deficit)				
Assigned	-	-	-	314,376
Unassigned	-	-	-	64,989
Total fund balance (deficit)	-	-	-	379,365
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$ -	\$ -	\$ -	\$ 626,617

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	Special Projects	Alternative Education Project GSA	Safe School Tuition	Safe School Projects GSA	Administrator's Academy
Revenues					
Local sources	\$ 61,356	\$ 12,383	\$ 67,550	\$ 1,694	\$ 2,500
State sources	-	325,102	-	157,868	-
Local sources-payments made on behalf of region	130,890	-	-	-	-
State sources-payments made on behalf of region	286,965	-	-	-	-
Interest	36	391	469	84	20
Total revenues	<u>479,247</u>	<u>337,876</u>	<u>68,019</u>	<u>159,646</u>	<u>2,520</u>
Expenditures					
Salaries and benefits	6,352	310,756	59,115	138,958	-
Purchased services	25,679	67,790	1,413	25,078	10,516
Supplies and materials	10,092	13,467	-	4,111	-
Capital outlay	-	-	-	-	-
Pension expense	-	20,472	2,494	9,873	-
Other objects	1,712	-	-	-	-
Payments made on behalf of region - local	130,890	-	-	-	-
Payments made on behalf of region - state	286,965	-	-	-	-
Total expenditures	<u>461,690</u>	<u>412,485</u>	<u>63,022</u>	<u>178,020</u>	<u>10,516</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,557</u>	<u>(74,609)</u>	<u>4,997</u>	<u>(18,374)</u>	<u>(7,996)</u>
Other financing sources (uses)					
Transfers in	4,578	6,718	-	45,980	-
Transfers out	(19,306)	(233)	-	-	-
Total other financing sources (uses)	<u>(14,728)</u>	<u>6,485</u>	<u>-</u>	<u>45,980</u>	<u>-</u>
Net change in fund balance	2,829	(68,124)	4,997	27,606	(7,996)
Fund balance (deficit) - beginning (restated - see note 16)	<u>14,732</u>	<u>172,101</u>	<u>172,348</u>	<u>(4,664)</u>	<u>8,673</u>
Fund balance (deficit) - ending	<u>\$ 17,561</u>	<u>\$ 103,977</u>	<u>\$ 177,345</u>	<u>\$ 22,942</u>	<u>\$ 677</u>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	Conference	Office Operations	Southern Thirty	University College Classes	State Aid
Revenues					
Local sources	\$ 16,375	\$ 83,897	\$ 158,277	\$ -	\$ -
State sources	-	-	-	-	-
Local sources-payments made on behalf of region	-	-	-	-	-
State sources-payments made on behalf of region	-	-	-	-	-
Interest	30	140	3	-	-
Total revenues	<u>16,405</u>	<u>84,037</u>	<u>158,280</u>	<u>-</u>	<u>-</u>
Expenditures					
Salaries and benefits	-	47,069	81,655	-	-
Purchased services	14,561	74,026	3,266	-	-
Supplies and materials	-	3,023	605	-	-
Capital outlay	-	580	-	-	-
Pension expense	-	11,382	6,233	-	-
Other objects	-	685	-	-	-
Payments made on behalf of region - local	-	-	-	-	-
Payments made on behalf of region - state	-	-	-	-	-
Total expenditures	<u>14,561</u>	<u>136,765</u>	<u>91,759</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,844</u>	<u>(52,728)</u>	<u>66,521</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	1,333	-	-	-
Transfers out	-	-	-	(1,784)	(1,049)
Total other financing sources (uses)	<u>-</u>	<u>1,333</u>	<u>-</u>	<u>(1,784)</u>	<u>(1,049)</u>
Net change in fund balance	1,844	(51,395)	66,521	(1,784)	(1,049)
Fund balance (deficit) - beginning (restated - see note 16)	<u>7,591</u>	<u>(31,874)</u>	<u>64,176</u>	<u>1,784</u>	<u>1,049</u>
Fund balance (deficit) - ending	<u>\$ 9,435</u>	<u>\$ (83,269)</u>	<u>\$ 130,697</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	Parapro	Hamilton Jefferson Educational Services Coop	School Improvement	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 404,032
State sources	-	-	-	482,970
Local sources-payments made on behalf of region	-	-	-	130,890
State sources-payments made on behalf of region	-	-	-	286,965
Interest	-	-	-	1,173
Total revenues	-	-	-	1,306,030
Expenditures				
Salaries and benefits	-	-	-	643,905
Purchased services	-	-	-	222,329
Supplies and materials	-	-	-	31,298
Capital outlay	-	-	-	580
Pension expense	-	-	-	50,454
Other objects	-	-	-	2,397
Payments made on behalf of region - local	-	-	-	130,890
Payments made on behalf of region - state	-	-	-	286,965
Total expenditures	-	-	-	1,368,818
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(62,788)
Other financing sources (uses)				
Transfers in	-	9,534	569	68,712
Transfers out	(755)	-	-	(23,127)
Total other financing sources (uses)	(755)	9,534	569	45,585
Net change in fund balance	(755)	9,534	569	(17,203)
Fund balance (deficit) - beginning (restated - see note 16)	755	(9,534)	(569)	396,568
Fund balance (deficit) - ending	\$ -	\$ -	\$ -	\$ 379,365

See accompanying Independent Auditors' Report.

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

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND

JUNE 30, 2016

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant	McKinney Education for Homeless Children
Assets				
Cash and cash equivalents	\$ -	\$ 41,727	\$ -	\$ -
Accounts receivable	-	46	-	-
Due from other funds	-	1,900	-	-
Due from other governments	-	39,040	266,779	39,079
Total assets	<u>\$ -</u>	<u>\$ 82,713</u>	<u>\$ 266,779</u>	<u>\$ 39,079</u>
Liabilities				
Accounts payable	\$ -	\$ 3,781	\$ 23,887	\$ -
Salary and benefits payable	-	25,438	102,055	-
Due to other funds	-	-	125,521	39,075
Unearned revenue	-	-	-	-
Due to other governments	-	-	15,316	-
Total liabilities	<u>-</u>	<u>29,219</u>	<u>266,779</u>	<u>39,075</u>
Deferred inflows of resources				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>133,751</u>	<u>-</u>
Fund balance (deficit)				
Restricted	<u>-</u>	<u>53,494</u>		<u>4</u>
Unassigned	<u>-</u>	<u>-</u>	<u>(133,751)</u>	<u>-</u>
Total fund balance (deficit)	<u>-</u>	<u>53,494</u>	<u>(133,751)</u>	<u>4</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ -</u>	<u>\$ 82,713</u>	<u>\$ 266,779</u>	<u>\$ 39,079</u>

See accompanying Independent Auditors' Report.

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

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2016

	Regional Safe Schools	ROE/ISC Operations	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	- -	- -	307	- -
Due from other funds	- -	500	- -	- -
Due from other governments	<u>13,234</u>	<u>80,984</u>	<u>157,099</u>	<u>31,510</u>
Total assets	<u>\$ 13,234</u>	<u>\$ 81,484</u>	<u>\$ 157,406</u>	<u>\$ 31,510</u>
Liabilities				
Accounts payable	\$ - -	\$ 795	\$ 3,673	\$ - -
Salary and benefits payable	12,010	- -	- -	- -
Due to other funds	11,629	78,552	150,011	31,520
Unearned revenue	- -	- -	- -	- -
Due to other governments	<u>- -</u>	<u>81</u>	<u>1,193</u>	<u>- -</u>
Total liabilities	<u>23,639</u>	<u>79,428</u>	<u>154,877</u>	<u>31,520</u>
Deferred inflows of resources				
Unavailable revenue	- -	- -	- -	- -
Fund balance (deficit)				
Restricted	- -	2,056	2,529	- -
Unassigned	<u>(10,405)</u>	<u>- -</u>	<u>- -</u>	<u>(10)</u>
Total fund balance (deficit)	<u>(10,405)</u>	<u>2,056</u>	<u>2,529</u>	<u>(10)</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ 13,234</u>	<u>\$ 81,484</u>	<u>\$ 157,406</u>	<u>\$ 31,510</u>

See accompanying Independent Auditors' Report.

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

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2016

	National and State School Breakfast and Lunch	Mt. Vernon Pre-K	Pilot Regional Safe School Cooperative	Principal Collegial Network
Assets				
Cash and cash equivalents	\$ -	\$ 49,638	\$ 10,335	\$ 1,259
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	364	-	6,951	-
Total assets	<u>\$ 364</u>	<u>\$ 49,638</u>	<u>\$ 17,286</u>	<u>\$ 1,259</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 144	\$ -
Salary and benefits payable	1,493	48,681	-	-
Due to other funds	2,032	-	-	-
Unearned revenue	219	-	-	-
Due to other governments	31	957	17,142	-
Total liabilities	<u>3,775</u>	<u>49,638</u>	<u>17,286</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balance (deficit)				
Restricted	-	-	-	1,259
Unassigned	(3,411)	-	-	-
Total fund balance (deficit)	<u>(3,411)</u>	<u>-</u>	<u>-</u>	<u>1,259</u>
Total liabilities, deferred inflows, and fund balance (deficit)	<u>\$ 364</u>	<u>\$ 49,638</u>	<u>\$ 17,286</u>	<u>\$ 1,259</u>

See accompanying Independent Auditors' Report.

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

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (Continued)

JUNE 30, 2016

	ROE/ISC Technology	Illinois Violence Prevention Authority	Total
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 102,959
Accounts receivable	-	-	353
Due from other funds	-	-	2,400
Due from other governments	-	-	635,040
Total assets	\$ -	\$ -	\$ 740,752
 Liabilities			
Accounts payable	\$ -	\$ -	\$ 32,280
Salary and benefits payable	-	-	189,677
Due to other funds	-	-	438,340
Unearned revenue	-	-	219
Due to other governments	-	-	34,720
Total liabilities	-	-	695,236
 Deferred inflows of resources			
Unavailable revenue	-	-	133,751
 Fund balance (deficit)			
Restricted	-	-	59,342
Unassigned	-	-	(147,577)
Total fund balance (deficit)	-	-	(88,235)
 Total liabilities, deferred inflows, and fund balance (deficit)	\$ -	\$ -	\$ 740,752

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	Title II - Teacher Quality Leadership Grant	Truants Alternative/ Optional Education	Early Childhood Block Grant	McKinney Education for Homeless Children
Revenues				
Local sources	\$ -	\$ 15,375	\$ -	\$ -
State sources	- -	231,909	785,256	-
Federal sources	2,662	-	-	60,311
Interest	- -	172	-	3
Total revenues	<u>2,662</u>	<u>247,456</u>	<u>785,256</u>	<u>60,314</u>
Expenditures				
Salaries and benefits	- -	184,778	784,204	17,886
Purchased services	2,662	47,519	50,135	7,364
Supplies and materials	- -	5,603	51,418	30,616
Pension expense	- -	9,827	30,234	4,444
Payments to other governmental units	- -	-	13,161	-
Total expenditures	<u>2,662</u>	<u>247,727</u>	<u>929,152</u>	<u>60,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(271)</u>	<u>(143,896)</u>	<u>4</u>
Other financing sources (uses)				
Transfers in	- -	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(44,931)</u>	<u>(6,718)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(44,931)</u>	<u>(6,718)</u>
Net change in fund balances	<u>-</u>	<u>(271)</u>	<u>(188,827)</u>	<u>(6,714)</u>
Fund balance (deficit) - beginning (restated - see note 16)	<u>-</u>	<u>53,765</u>	<u>55,076</u>	<u>6,718</u>
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ 53,494</u>	<u>\$ (133,751)</u>	<u>\$ 4</u>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	Regional Safe Schools	ROE/ISC Operations	Special Education for Infants and Families with Disabilities	Title I - School Improvement System of Support
Revenues				
Local sources	\$ -	\$ -	\$ 244	\$ -
State sources	71,210	80,984	1,243,670	-
Federal sources	-	-	525,284	60,757
Interest	-	1	10	-
Total revenues	<u>71,210</u>	<u>80,985</u>	<u>1,769,208</u>	<u>60,757</u>
Expenditures				
Salaries and benefits	76,053	51,599	1,362,301	1,605
Purchased services	564	20,025	269,697	57,501
Supplies and materials	-	4,471	28,574	1,020
Pension expense	3,796	3,406	110,127	142
Payments to other governmental units	-	-	-	-
Total expenditures	<u>80,413</u>	<u>79,501</u>	<u>1,770,699</u>	<u>60,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,203)</u>	<u>1,484</u>	<u>(1,491)</u>	<u>489</u>
Other financing sources (uses)				
Transfers in	9,203	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>9,203</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	1,484	(1,491)	489
Fund balance (deficit) - beginning (restated - see note 16)	<u>(10,405)</u>	<u>572</u>	<u>4,020</u>	<u>(499)</u>
Fund balance (deficit) - ending	<u>\$ (10,405)</u>	<u>\$ 2,056</u>	<u>\$ 2,529</u>	<u>\$ (10)</u>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	National and State School Breakfast and Lunch	Mt. Vernon Pre-K	Pilot Regional Safe School Cooperative	Principal Collegial Network
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 3,968
State sources	636	381,991	21,057	-
Federal sources	59,875	-	-	-
Interest	-	-	23	2
Total revenues	<u>60,511</u>	<u>381,991</u>	<u>21,080</u>	<u>3,970</u>
Expenditures				
Salaries and benefits	13,929	332,393	8,691	-
Purchased services	221	17,923	3,163	2,711
Supplies and materials	1,385	1,713	9,177	-
Pension expense	1,035	29,947	49	-
Payments to other governmental units	47,352	248	-	-
Total expenditures	<u>63,922</u>	<u>382,224</u>	<u>21,080</u>	<u>2,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,411)</u>	<u>(233)</u>	<u>-</u>	<u>1,259</u>
Other financing sources (uses)				
Transfers in	-	233	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>233</u>	<u>-</u>	<u>-</u>
Net change in fund balance (deficit)	<u>(3,411)</u>	<u>-</u>	<u>-</u>	<u>1,259</u>
Fund balance (deficit) - beginning (restated - see note 16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ (3,411)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259</u>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	ROE/ISC Technology	Illinois Violence Prevention Authority	Total
Revenues			
Local sources	\$ -	\$ -	\$ 19,587
State sources	- -	- -	2,816,713
Federal sources	- -	- -	708,889
Interest	- -	- -	211
Total revenues	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expenditures			
Salaries and benefits	- -	- -	2,833,439
Purchased services	- -	- -	479,485
Supplies and materials	- -	- -	133,977
Pension expense	- -	- -	193,007
Payments to other governmental units	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total expenditures	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Excess (deficiency) of revenues over (under) expenditures	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Other financing sources (uses)			
Transfers in	- -	- -	9,436
Transfers out	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total other financing sources (uses)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net change in fund balance (deficit)	(2,046)	(1,777)	(201,305)
Fund balance (deficit) - beginning (restated - see note 16)	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund balance (deficit) - ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 2,662	\$ 2,662	\$ 2,662
Expenditures			
Purchased services	2,662	2,662	2,662
Net change in fund balance	\$ -	\$ -	-
Fund balance - beginning			-
Fund balance - ending			\$ -

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Local sources	\$ -	\$ -	\$ 15,375
State sources	234,220	234,220	231,909
Interest	-	-	172
Total revenue	<u>234,220</u>	<u>234,220</u>	<u>247,456</u>
Expenditures			
Salaries and benefits	189,094	193,698	194,605
Purchased services	38,701	35,777	47,519
Supplies and materials	6,425	4,745	5,603
Total expenditures	<u>234,220</u>	<u>234,220</u>	<u>247,727</u>
Net change in fund balance	\$ -	\$ -	(271)
Fund balance - beginning			<u>53,765</u>
Fund balance - ending			<u>\$ 53,494</u>

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD BLOCK GRANT

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 931,200	\$ 931,200	\$ 785,256
Expenditures			
Salaries and benefits	795,508	809,747	814,438
Purchased services	67,516	59,496	50,135
Supplies and materials	52,500	43,481	51,418
Payments to other governmental units	15,676	18,476	13,161
Total expenditures	931,200	931,200	929,152
Excess (deficiency) of revenues over (under) expenditures	-	-	(143,896)
Other financing sources (uses)			
Transfers out	-	-	(44,931)
Net change in fund balance	\$ -	\$ -	(188,827)
Fund balance - beginning			55,076
Fund balance (deficit) - ending			\$ (133,751)

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 50,450	\$ 60,243	\$ 60,311
Interest	-	-	3
Total revenue	<u>50,450</u>	<u>60,243</u>	<u>60,314</u>
Expenditures			
Salaries and benefits	18,500	20,013	22,330
Purchased services	6,950	7,642	7,364
Supplies and materials	25,000	32,588	30,616
Total expenditures	<u>50,450</u>	<u>60,243</u>	<u>60,310</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	4
Other financing sources (uses)			
Transfers out	-	-	(6,718)
Net change in fund balance	\$ -	\$ -	(6,714)
Fund balance - beginning			6,718
Fund balance - ending			\$ 4

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 79,354	\$ 79,354	\$ 71,210
Expenditures			
Salaries and benefits	78,698	78,735	79,849
Purchased services	656	619	564
Total expenditures	79,354	79,354	80,413
Excess (deficiency) of revenues over (under) expenditures	-	-	(9,203)
Other financing sources (uses)			
Transfers in	-	-	9,203
Net change in fund balance	\$ -	\$ -	-
Fund balance (deficit) - beginning			(10,405)
Fund balance (deficit) - ending			\$ (10,405)

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 80,903	\$ 80,984	\$ 80,984
Interest	-	-	1
Total revenues	<u>80,903</u>	<u>80,984</u>	<u>80,985</u>
Expenditures			
Salaries and benefits	58,235	56,950	55,005
Purchased services	18,200	19,563	20,025
Supplies and materials	4,468	4,471	4,471
Total expenditures	<u>80,903</u>	<u>80,984</u>	<u>79,501</u>
Net change in fund balance	\$ -	\$ -	1,484
Fund balance - beginning			572
Fund balance - ending			<u>\$ 2,056</u>

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SPECIAL EDUCATION FOR INFANTS AND FAMILIES WITH DISABILITIES

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Local sources	\$ -	\$ -	\$ 244
State sources	1,948,762	1,948,762	1,243,670
Federal sources	-	-	525,284
Interest	-	-	10
Total revenue	<u>1,948,762</u>	<u>1,948,762</u>	<u>1,769,208</u>
Expenditures			
Salaries and benefits	1,467,711	1,467,711	1,472,428
Purchased services	436,251	436,251	269,697
Supplies and materials	24,000	24,000	28,574
Capital outlay	20,800	20,800	-
Total expenditures	<u>1,948,762</u>	<u>1,948,762</u>	<u>1,770,699</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,491)</u>
Fund balance - beginning			<u>4,020</u>
Fund balance - ending			<u>\$ 2,529</u>

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE I - SCHOOL IMPROVEMENT SYSTEM OF SUPPORT

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
Federal sources	\$ 72,083	\$ 72,083	\$ 60,757
Expenditures			
Salaries and benefits	1,750	1,750	1,747
Purchased services	68,583	68,583	57,501
Supplies and materials	1,750	1,750	1,020
Total expenditures	72,083	72,083	60,268
Net change in fund balance	\$ -	\$ -	489
Fund balance (deficit) - beginning			(499)
Fund balance (deficit) - ending			\$ (10)

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MT. VERNON PRE-K

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 388,249	\$ 388,249	\$ 381,991
Expenditures			
Salaries and benefits	367,215	367,215	362,340
Purchased services	18,734	18,734	17,923
Supplies and materials	2,300	2,300	1,713
Payments to other governmental units	-	-	248
Total expenditures	388,249	388,249	382,224
Excess (deficiency) of revenues over (under) expenditures	-	-	(233)
Other financing sources (uses)			
Transfers in	-	-	233
Net change in fund balance (deficit)	\$ -	\$ -	-
Fund balance - beginning			-
Fund balance - ending			\$ -

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PILOT REGIONAL SAFE SCHOOL COOPERATIVE

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenue			
State sources	\$ 38,199	\$ 38,199	\$ 21,057
Interest	-	-	23
Total revenue	<u>38,199</u>	<u>38,199</u>	<u>21,080</u>
Expenditures			
Salaries and benefits	20,975	19,921	8,740
Purchased services	9,032	2,942	3,163
Supplies and materials	<u>8,192</u>	<u>15,336</u>	<u>9,177</u>
Total expenditures	<u>38,199</u>	<u>38,199</u>	<u>21,080</u>
Net change in fund balance	\$ -	\$ -	-
Fund balance - beginning			-
Fund balance - ending			\$ -

Note: Salaries and benefits actual expenditures include pension expense reported on combining Schedule of Revenues, Expenditures and Changes in Fund Balances for Education Fund Accounts since pension expense was not a separately budgeted item.

See accompanying Independent Auditors' Report.

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2016

	General Education Development	ROE School Bus Driver Training	Supervisory	Total
Assets				
Cash and cash equivalents	\$ 13,593	\$ 402	\$ 4	\$ 13,999
Due from other governments	-	1,443	-	1,443
Total assets	<u>\$ 13,593</u>	<u>\$ 1,845</u>	<u>\$ 4</u>	<u>\$ 15,442</u>
Liabilities				
Due to other governments	\$ 9	\$ 4	\$ -	\$ 13
Fund balance				
Restricted	13,584	1,841	4	15,429
Unrestricted	-	-	-	-
Total fund balance	<u>13,584</u>	<u>1,841</u>	<u>4</u>	<u>15,429</u>
Total liabilities and fund balance	<u>\$ 13,593</u>	<u>\$ 1,845</u>	<u>\$ 4</u>	<u>\$ 15,442</u>

See accompanying Independent Auditors' Report.

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

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

For the Year Ended June 30, 2016

	General Education Development	ROE School Bus Driver Training	Supervisory	Total
Revenues				
Local sources	\$ 2,164	\$ 4,810	\$ -	\$ 6,974
State sources	-	1,443	-	1,443
Interest	49	-	-	49
Total revenues	<u>2,213</u>	<u>6,253</u>	<u>-</u>	<u>8,466</u>
Expenditures				
Salaries and benefits	8,586	1,089	-	9,675
Purchased services	196	4,595	-	4,791
Supplies and materials	55	-	-	55
Pension expense	671	101	-	772
Total expenditures	<u>9,508</u>	<u>5,785</u>	<u>-</u>	<u>15,293</u>
Net change in fund balance	(7,295)	468	-	(6,827)
Fund balance - beginning (restated - see note 16)	<u>20,879</u>	<u>1,373</u>	<u>4</u>	<u>22,256</u>
Fund balance - ending	<u>\$ 13,584</u>	<u>\$ 1,841</u>	<u>\$ 4</u>	<u>\$ 15,429</u>

See accompanying Independent Auditors' Report.

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2016

	<u>Employee Benefits</u>	<u>Transportation Reimbursement</u>	<u>Building</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent assets				
Capital assets, net of depreciation	<u>-</u>	<u>1,447</u>	<u>576,899</u>	<u>578,346</u>
Total assets	<u>-</u>	<u>1,447</u>	<u>576,899</u>	<u>578,346</u>
Liabilities				
Current liabilities				
Accounts payable	-	26	-	26
Due to other funds	-	64,455	62,780	127,235
Due to other governments	-	21	-	21
Current portion of long-term debt	-	-	24,325	24,325
Total current liabilities	<u>-</u>	<u>64,502</u>	<u>87,105</u>	<u>151,607</u>
Noncurrent liabilities				
Long-term debt, net of current portion	<u>-</u>	<u>-</u>	<u>250,523</u>	<u>250,523</u>
Total liabilities	<u>-</u>	<u>64,502</u>	<u>337,628</u>	<u>402,130</u>
Net position				
Net investment in capital assets	-	1,447	302,051	303,498
Unrestricted	<u>-</u>	<u>(64,502)</u>	<u>(62,780)</u>	<u>(127,282)</u>
Total net position	<u>\$ -</u>	<u>\$ (63,055)</u>	<u>\$ 239,271</u>	<u>\$ 176,216</u>

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

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

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2016

	Employee Benefits	Transportation Reimbursement	Building	Total
	\$	\$	\$	\$
Operating revenues				
Charges for services	-	12,359	41,765	54,124
Operating expenses				
Salaries and benefits	-	6,211	-	6,211
Purchased services	-	5,745	9,445	15,190
Supplies and materials	-	3,397	2,294	5,691
Pension expense	-	502	-	502
Depreciation	-	-	22,207	22,207
Total operating expenses	-	15,855	33,946	49,801
Operating income (loss)	-	(3,496)	7,819	4,323
Nonoperating (expense)				
Interest expense	-	-	(16,431)	(16,431)
Income (loss) before transfers	-	(3,496)	(8,612)	(12,108)
Transfer out	(1,827)	-	-	(1,827)
Change in net position	(1,827)	(3,496)	(8,612)	(13,935)
Net position - beginning (restated - see note 16)	1,827	(59,559)	247,883	190,151
Net position - ending	<u>\$</u> <u>-</u>	<u>\$</u> <u>(63,055)</u>	<u>\$</u> <u>239,271</u>	<u>\$</u> <u>176,216</u>

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

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2016

	Employee Benefits	Transportation Reimbursement	Building	Total
Cash flows from operating activities				
Collection of fees	\$ 879	\$ 12,447	\$ 45,965	\$ 59,291
Payments to suppliers and providers of goods and services	(5,235)	(9,095)	(13,787)	(28,117)
Payments to employees	-	(6,713)	-	(6,713)
Net cash provided (used) by operating activities	<u>(4,356)</u>	<u>(3,361)</u>	<u>32,178</u>	<u>24,461</u>
Cash flows from noncapital financing activities				
Receipts from interfund borrowings, net	-	750	5,999	6,749
Transfers out	(1,333)	-	-	(1,333)
Net cash provided (used) by noncapital financing activities	<u>(1,333)</u>	<u>750</u>	<u>5,999</u>	<u>5,416</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	-	-	(1,035)	(1,035)
Principal paid on capital debt	-	-	(26,124)	(26,124)
Interest paid on capital debt	-	-	(16,431)	(16,431)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(43,590)</u>	<u>(43,590)</u>
Net (decrease) in cash and cash equivalents	<u>(5,689)</u>	<u>(2,611)</u>	<u>(5,413)</u>	<u>(13,713)</u>
Cash and cash equivalents - beginning, restated (see note 16)	<u>5,689</u>	<u>2,611</u>	<u>5,413</u>	<u>13,713</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ -	\$ (3,496)	\$ 7,819	\$ 4,323
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	22,207	22,207
Decrease in accounts receivable	879	-	-	879
Decrease in due from other governments	-	88	4,200	4,288
Increase (decrease) in accounts payable	(5,235)	26	(2,048)	(7,257)
Increase in due to other governments	-	21	-	21
Net cash provided (used) by operating activities	<u>\$ (4,356)</u>	<u>\$ (3,361)</u>	<u>\$ 32,178</u>	<u>\$ 24,461</u>

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

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND

JUNE 30, 2016

	Title II Teacher Quality Leadership Transformation	Transforming School Climate to Build Successful Learners	Rend Lake Regional Delivery System	Regional Vocational Board	Hamilton County 1% Sales Tax	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	23,395	7,271	-	-	30,666
Total assets	\$ -	\$ 23,395	\$ 7,271	\$ -	\$ -	\$ 30,666
Liabilities						
Due to primary government	\$ -	\$ 23,207	\$ 6,772	\$ -	\$ -	29,979
Due to other governments	-	188	499	-	-	687
Total liabilities	\$ -	\$ 23,395	\$ 7,271	\$ -	\$ -	\$ 30,666

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

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>TITLE II - TEACHER QUALITY LEADERSHIP</u>				
<u>TRANSFORMATIONAL</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	<u>12,185</u>	<u>-</u>	<u>12,185</u>	<u>-</u>
Total assets	<u>\$ 12,185</u>	<u>\$ -</u>	<u>\$ 12,185</u>	<u>\$ -</u>
Liabilities				
Due to primary government	\$ -	\$ -	\$ -	\$ -
Due to other governments	<u>12,185</u>	<u>-</u>	<u>12,185</u>	<u>-</u>
Total liabilities	<u>\$ 12,185</u>	<u>\$ -</u>	<u>\$ 12,185</u>	<u>\$ -</u>
<u>TRANSFORMING SCHOOL CLIMATE TO</u>				
<u>BUILD SUCCESSFUL LEARNERS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 275,348	\$ 275,348	\$ -
Due from other governments	<u>9,094</u>	<u>23,395</u>	<u>9,094</u>	<u>23,395</u>
Total assets	<u>\$ 9,094</u>	<u>\$ 298,743</u>	<u>\$ 284,442</u>	<u>\$ 23,395</u>
Liabilities				
Due to primary government	\$ -	\$ 23,207	\$ -	\$ 23,207
Due to other governments	<u>9,094</u>	<u>275,536</u>	<u>284,442</u>	<u>188</u>
Total liabilities	<u>\$ 9,094</u>	<u>\$ 298,743</u>	<u>\$ 284,442</u>	<u>\$ 23,395</u>
<u>REND LAKE REGIONAL DELIVERY SYSTEM</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 388,467	\$ 388,467	\$ -
Due from other governments	<u>-</u>	<u>7,271</u>	<u>-</u>	<u>7,271</u>
Total assets	<u>\$ -</u>	<u>\$ 395,738</u>	<u>\$ 388,467</u>	<u>\$ 7,271</u>
Liabilities				
Due to primary government	\$ -	\$ 6,772	\$ -	\$ 6,772
Due to other governments	<u>-</u>	<u>388,966</u>	<u>388,467</u>	<u>499</u>
Total liabilities	<u>\$ -</u>	<u>\$ 395,738</u>	<u>\$ 388,467</u>	<u>\$ 7,271</u>

See accompanying Independent Auditors' Report.

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUND

For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>REGIONAL VOCATIONAL BOARD</u>				
Assets				
Cash and cash equivalents	\$ 14,762	\$ 78,217	\$ 92,979	\$ -
Due from other governments	-	-	-	-
Total assets	<u>\$ 14,762</u>	<u>\$ 78,217</u>	<u>\$ 92,979</u>	<u>\$ -</u>
Liabilities				
Due to primary government	\$ -	\$ -	\$ -	\$ -
Due to other governments	14,762	78,217	92,979	-
Total liabilities	<u>\$ 14,762</u>	<u>\$ 78,217</u>	<u>\$ 92,979</u>	<u>\$ -</u>
<u>HAMILTON COUNTY 1% SALES TAX</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	86,152	-	86,152	-
Total assets	<u>\$ 86,152</u>	<u>\$ -</u>	<u>\$ 86,152</u>	<u>\$ -</u>
Liabilities				
Due to primary government	\$ -	\$ -	\$ -	\$ -
Due to other governments	86,152	-	86,152	-
Total liabilities	<u>\$ 86,152</u>	<u>\$ -</u>	<u>\$ 86,152</u>	<u>\$ -</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 14,762	\$ 742,032	\$ 756,794	\$ -
Due from other governments	107,431	30,666	107,431	30,666
Total assets	<u>\$ 122,193</u>	<u>\$ 772,698</u>	<u>\$ 864,225</u>	<u>\$ 30,666</u>
Liabilities				
Due to primary government	\$ -	\$ 29,979	\$ -	\$ 29,979
Due to other governments	122,193	742,719	864,225	687
Total liabilities	<u>\$ 122,193</u>	<u>\$ 772,698</u>	<u>\$ 864,225</u>	<u>\$ 30,666</u>

See accompanying Independent Auditors' Report.