

State of Illinois  
ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
FINANCIAL AUDIT  
For the Year Ended June 30, 2015

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

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 JUNE 30, 2015

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ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2015

OFFICIALS

Regional Superintendent  
(Current, effective July 1, 2015)

Ms. Jill Reis

Regional Superintendent  
(During the audit period, through June 30, 2015)

Ms. Deborah Niederhauser

Assistant Regional Superintendent  
(Current, effective July 1, 2015)

Mr. Jeff Stephens

Assistant Regional Superintendent  
(During the audit period, through June 30, 2015)

Ms. Jill Reis

Offices are located at:

507 Vermont Street  
Quincy, IL 62301

1267 East Washington  
Pittsfield, IL 62363

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2015

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u>                                     | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Audit findings                                       | 2                 | 3                  |
| Repeated audit findings                              | 1                 | 1                  |
| Prior recommendations implemented<br>or not repeated | 2                 | 0                  |

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

SUMMARY OF FINDINGS AND RESPONSES

| <u>Item No.</u>  | <u>Page</u> | <u>Description</u>   | <u>Finding Type</u> |
|--|-------------|--|---------------------|
| FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )                    |             |  |                     |
| 2015-001   | 11a         | Controls over Financial Statement Preparation                | Material Weakness   |
| 2015-002   | 11c         | Internal Control over Accounting and<br>Closing Transactions | Material Weakness   |
| PRIOR FINDINGS NOT REPEATED ( <i>GOVERNMENT AUDITING STANDARDS</i> ) |             |  |                     |
| 2014-002   |             | Grant Compliance   | Noncompliance       |
| 2014-003   |             | Unallowable Expenditure of Institute Fund Monies             | Noncompliance       |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2015

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 17, 2015. Attending were Jill Reis, Regional Superintendent; Heather Factor, Controller; Karen Bojda, CPA, Kemper CPA Group, LLP; and Phillip Spencer, Kemper CPA Group, LLP. Responses to the recommendations were provided by Jill Reis, Regional Superintendent, on February 24, 2016.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
JUNE 30, 2015

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Adams/Pike Counties Regional Office of Education #1 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #1's basic financial statements.



## INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Adams/Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Adams/Pike Counties Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As disclosed in Notes 1 and 12 to the financial statements, the Adams/Pike Counties Regional Office of Education #1 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 11, the Adams/Pike Counties Regional Office of Education #1 will consolidate Brown, Cass, Morgan, and Scott Counties, formerly in the Regional Office of Education #46 educational service region, into its educational service region effective July 1, 2015.

Our opinions are not modified with respect to these matters.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, and Illinois Municipal Retirement Fund Schedule of Employer Contributions on pages 14a through 14f and pages 49 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

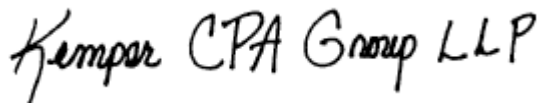
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adams/Pike Counties Regional Office of Education #1'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 June 23, 2016, on our consideration of the Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting and compliance.



*Certified Public Accountants and Consultants*

Mattoon, Illinois  
June 23, 2016



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 Adams/Pike Counties Regional Office of Education #1, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Adams/Pike Counties Regional Office of Education #1's basic financial statements, and have issued our report thereon dated June 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams/Pike Counties Regional Office of Education #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Adams/Pike Counties Regional Office of Education #1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Adams/Pike Counties Regional Office of Education #1'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.

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 2015-001 and 2015-002 to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams/Pike Counties Regional Office of Education #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Adams/Pike Counties Regional Office of Education #1's Responses to Findings

Adams/Pike Counties Regional Office of Education #1's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Adams/Pike Counties Regional Office of Education #1'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 Adams/Pike Counties Regional Office of Education #1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adams/Pike Counties Regional Office of Education #1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mattoon, Illinois  
June 23, 2016

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

**Financial Statements**

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2015-001 – Controls over Financial Statement Preparation**

**Criteria/Specific Requirement:**

The Regional Office of Education #1 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office’s internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

**Condition:**

The Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office’s accounting records, auditors noted the Regional Office’s financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office’s management.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

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

**Finding No. 2015-001 – Controls over Financial Statement Preparation (Concluded)**

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to the ROE management, current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements. In addition, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can attempt to implement the requirements on its own.

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, the Regional Office of Education #1 should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #1 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office will continue to seek qualified accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

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

**Finding No. 2015-002 – Internal Control over Accounting and Closing Transactions (Repeated from Finding 14-001 & 13-001)**

**Criteria/Specific Requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the Regional Office’s accounting processes to prevent errors and fraud in reporting.

**Condition:**

Auditors noted the following internal control weaknesses over the accounting and closing processes:

- A. The Regional Office records overhead and administrative costs in the general fund and allocates those costs as needed to the appropriate special revenue or other funds. Auditors noted several instances where administrative costs were appropriately recorded as expenditures in the fund that reimbursed the cost but the reimbursements were recorded as transfers into the general fund, without a corresponding transfer out from the reimbursing fund, resulting in expenditures being overstated and interfund transfers being out of balance. In addition, an \$87,390 Pike County School Facility Occupation Tax payment was incorrectly coded as revenue in the General Fund, causing revenue to be overstated and interfund transfers to be out of balance.
- B. An Illinois Funds bank account was not appropriately recorded in the Regional Office’s general ledger; \$7,830 was recorded as a receivable, and the remaining balance of \$9,466 was not recorded in the general ledger.
- C. The bank reconciliations were not reviewed and approved by an individual independent of the accounting function.
- D. Opening fund balances were not correctly allocated in the Education Fund programs and several of the General Fund accounts.

**Effect:**

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, which could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

**Cause:**

The Regional Office does not have sufficient internal controls over their accounting and closing processes to detect errors in their reporting.

**Auditor’s Recommendations:**

- A. Administrative costs should be recorded in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs should be recorded as an offset to the associated expenditure in the reimbursed fund.



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

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

**Finding No. 2015-002 – Internal Control over Accounting and Closing Transactions (Repeated from Finding 14-001 & 13-001) (Concluded)**

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

- B. All assets of the Regional Office should be included in the Regional Office’s general ledger to ensure complete and accurate financial reporting.
- C. Bank reconciliations should be reviewed by an individual independent of the accounting function.
- D. Opening fund balances should be compared to the prior year’s ending fund balances to ensure accuracy and completeness after the prior year’s financial close.

**Management’s Response:**

The Regional Office accepts this finding.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Corrective Action Plan**

**Finding No. 2015-001 – Controls over Financial Statement Preparation**

**Condition:**

The Regional Office of Education #1 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, during review of the Regional Office's accounting records, auditors noted the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

In addition, the Regional Office did not have adequate controls to record and report its net accrued pension liability/asset, deferred outflows and inflows of resources, and pension expense in accordance with GAAP. Proposed adjusting entries were approved and accepted by the Regional Office's management.

**Plan:**

The Regional Office of Education #1 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP-based financial statements.

**Anticipated Date of Completion:**

Ongoing

**Contact Person Responsible for Corrective Action:**

Honorable Jill Reis, Regional Superintendent of Schools

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-002 – Internal Control over Accounting and Closing Transactions**

**Condition:**

Auditors noted the following internal control weaknesses over the accounting and closing processes:

- A. The Regional Office records overhead and administrative costs in the general fund and allocates those costs as needed to the appropriate special revenue or other funds. Auditors noted several instances where administrative costs were appropriately recorded as expenditures in the fund that reimbursed the cost but the reimbursements were recorded as transfers into the general fund, without a corresponding transfer out from the reimbursing fund, resulting in expenditures being overstated and interfund transfers being out of balance. In addition, an \$87,390 Pike County School Facility Occupation Tax payment was incorrectly coded as revenue in the General Fund, causing revenue to be overstated and interfund transfers to be out of balance.
- B. An Illinois Funds bank account was not appropriately recorded in the Regional Office's general ledger; \$7,830 was recorded as a receivable, and the remaining balance of \$9,466 was not recorded in the general ledger.
- C. The bank reconciliations were not reviewed and approved by an individual independent of the accounting function.
- D. Opening fund balances were not correctly allocated in the Education Fund programs and several of the General Fund accounts.

**Plan:**

- A. The Regional Office will establish procedures to ensure that administrative costs will be recorded in the fund that incurred the expenses. The associated transfer of cash to reimburse the fund that paid the costs will be recorded as an offset to the associated expenditure in the reimbursed fund.
- B. The Regional Office will establish procedures to ensure that all assets of the Regional Office are included in the Regional Office's general ledger for complete and accurate financial reporting.
- C. The Regional Office will establish procedures to ensure that bank reconciliations are reviewed after completion by someone independent of the accounting function.
- D. The Regional Office will establish procedures to ensure that opening balances are compared to the prior year's ending balances to ensure accuracy and completeness after the prior year's financial close.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF FINDINGS AND RESPONSES  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Finding No. 2015-002 – Internal Control over Accounting and Closing Transactions (Concluded)**

**Anticipated Date of Completion:**

June 30, 2016

**Contact Person Responsible for Corrective Action:**

Honorable Jill Reis, Regional Superintendent of Schools

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

| <u>Finding No.</u> | <u>Condition</u>                                 | <u>Current Status</u>        |
|--------------------|--|------------------------------|
| 2014-001           | Internal Control over Accounting Transactions    | Repeated as Finding 2015-002 |
| 2014-002           | Grant Compliance                                 | Corrected                    |
| 2014-003           | Unallowable Expenditure of Institute Fund Monies | Corrected                    |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

The Adams/Pike Counties Regional Office of Education #1 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2015 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$58,325 from \$833,432 in FY14 to \$891,757 in FY15. Revenues from local sources and State sources increased while State on-behalf payments decreased slightly. General Fund expenditures increased by \$44,486 from \$805,015 in FY14 to \$849,501 in FY15. Salaries and benefits, purchased services, supplies and materials, and payments to other governments all increased while other objects, on-behalf payments, and capital outlay decreased.
- Within the Governmental Funds, the Special Revenue Funds revenue decreased by \$12,501 from \$887,017 in FY14 to \$874,516 in FY15. The Special Revenue Funds expenditures increased by \$24,637 from \$832,611 in FY14 to \$857,248 in FY15. Expenditures for purchased services, supplies and materials, other objects, and capital outlay all increased while salaries and benefits decreased in FY15.

**Using This Report**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Reporting the Regional Office as a Whole**

**The Statement of Net Position and the Statement of Activities**

The Government-wide financial statements report information about the Regional Office as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using generally accepted accounting principles and GASB 34.

The Government-wide financial statements report the Regional Office's net position and how it has changed. Net position – the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the Regional Office's financial health or position.

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall financial condition, additional non-financial factors, such as new laws, rules, regulations, and non-funded mandates need to be considered.

The Government-wide financial statements present all of the Regional Office's activities as governmental and business-type activities. Local, State and federal monies finance most of the governmental activities, while local workshops finance most of the business-type activities.

**Fund Financial Statements**

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

The Regional Office has two kinds of funds:

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

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



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Reporting the Regional Office as a Whole (Concluded)**

2. Proprietary funds are used to report the same functions presented as business-type activities in the Government-wide financial statements, only in more detail.

The proprietary funds' required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows.

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one indicator of the financial position of the Regional Office. The net position at the end of FY15 totaled \$893,283. At the end of FY14, the net position was \$627,620. The analysis that follows provides a summary of the Office's net position at June 30, 2015 and 2014.

**CONDENSED STATEMENT OF NET POSITION**

|                                | <u>Governmental Activities</u> |                   | <u>Business-Type Activities</u> |                  | <u>Total</u>      |                   |
|--------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
|                                | <u>2015</u>                    | <u>2014</u>       | <u>2015</u>                     | <u>2014</u>      | <u>2015</u>       | <u>2014</u>       |
| Current assets                 | \$ 621,630                     | \$ 661,696        | \$ 65,876                       | \$ 51,244        | \$ 687,506        | \$ 712,940        |
| Capital assets, net            | 20,598                         | 23,474            | 496                             | -                | 21,094            | 23,474            |
| Net pension asset              | 231,993                        | -                 | -                               | -                | 231,993           | -                 |
| Total assets                   | <u>874,221</u>                 | <u>685,170</u>    | <u>66,372</u>                   | <u>51,244</u>    | <u>940,593</u>    | <u>736,414</u>    |
| Deferred outflows of resources | <u>83,760</u>                  | <u>-</u>          | <u>-</u>                        | <u>-</u>         | <u>83,760</u>     | <u>-</u>          |
| Current liabilities            | <u>5,658</u>                   | <u>108,794</u>    | <u>620</u>                      | <u>-</u>         | <u>6,278</u>      | <u>108,794</u>    |
| Total liabilities              | <u>5,658</u>                   | <u>108,794</u>    | <u>620</u>                      | <u>-</u>         | <u>6,278</u>      | <u>108,794</u>    |
| Deferred inflows of resources  | <u>124,792</u>                 | <u>-</u>          | <u>-</u>                        | <u>-</u>         | <u>124,792</u>    | <u>-</u>          |
| Net position:                  |                                |                   |                                 |                  |                   |                   |
| Investment in capital assets   | 20,598                         | 23,474            | 496                             | -                | 21,094            | 23,474            |
| Restricted—other               | 377,702                        | 115,231           | -                               | -                | 377,702           | 115,231           |
| Unrestricted, restated         | 429,231                        | 437,671           | 65,256                          | 51,244           | 494,487           | 488,915           |
| Total net position             | <u>\$ 827,531</u>              | <u>\$ 576,376</u> | <u>\$ 65,752</u>                | <u>\$ 51,244</u> | <u>\$ 893,283</u> | <u>\$ 627,620</u> |

The Regional Office's net position increased \$265,663 from FY14 to FY15. Governmental activities net position increased by \$251,155. This increase is from additional grant revenues and local funding. Business-type activities net position increased by \$14,508.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Government-Wide Financial Analysis (Concluded)**

The following analysis shows the changes in net position for the years ended June 30, 2015 and 2014.

**CHANGES IN NET POSITION**

|                                    | Governmental Activities |                   | Business-Type Activities |                  | Total             |                   |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
|                                    | 2015                    | 2014              | 2015                     | 2014             | 2015              | 2014              |
| Revenues:                          |                         |                   |                          |                  |                   |                   |
| Program revenues:                  |                         |                   |                          |                  |                   |                   |
| Operating grants and contributions | \$ 797,542              | \$ 829,264        | \$ -                     | \$ -             | \$ 797,542        | \$ 829,264        |
| Capital grants and contributions   | -                       | -                 | -                        | -                | -                 | -                 |
| General revenues:                  |                         |                   |                          |                  |                   |                   |
| Local sources                      | 379,631                 | 309,364           | -                        | -                | 379,631           | 309,364           |
| State sources                      | 268,819                 | 224,205           | -                        | -                | 268,819           | 224,205           |
| On-behalf payments                 | 320,281                 | 323,778           | -                        | -                | 320,281           | 323,778           |
| Charges for services               | -                       | -                 | 24,670                   | 12,578           | 24,670            | 12,578            |
| Transfers                          | -                       | (228)             | -                        | 228              | -                 | -                 |
| Interest                           | 3,546                   | 3,364             | 342                      | 235              | 3,888             | 3,599             |
| Total revenues                     | <u>1,769,819</u>        | <u>1,689,747</u>  | <u>25,012</u>            | <u>13,041</u>    | <u>1,794,831</u>  | <u>1,702,788</u>  |
| Expenses:                          |                         |                   |                          |                  |                   |                   |
| Programs expenses:                 |                         |                   |                          |                  |                   |                   |
| Salaries and benefits              | 621,783                 | 626,391           | 404                      | 3,577            | 622,187           | 629,968           |
| Purchased services                 | 184,476                 | 168,208           | 4,874                    | 7,725            | 189,350           | 175,933           |
| Supplies and materials             | 31,261                  | 19,684            | 5,102                    | 813              | 36,363            | 20,497            |
| Other objects                      | 31,922                  | 33,663            | -                        | -                | 31,922            | 33,663            |
| Payments to other governments      | 465,292                 | 446,931           | -                        | -                | 465,292           | 446,931           |
| Pension expense (income)           | (5,210)                 | -                 | -                        | -                | (5,210)           | -                 |
| Depreciation                       | 7,772                   | 15,293            | 124                      | -                | 7,896             | 15,293            |
| Administrative expenses:           |                         |                   |                          |                  |                   |                   |
| On-behalf payments - State         | 320,281                 | 323,778           | -                        | -                | 320,281           | 323,778           |
| Total expenses                     | <u>1,657,577</u>        | <u>1,633,948</u>  | <u>10,504</u>            | <u>12,115</u>    | <u>1,668,081</u>  | <u>1,646,063</u>  |
| Changes in net position            | 112,242                 | 55,799            | 14,508                   | 926              | 126,750           | 56,725            |
| Net position - beginning           | <u>715,289</u>          | <u>520,577</u>    | <u>51,244</u>            | <u>50,318</u>    | <u>766,533</u>    | <u>570,895</u>    |
| Net position, ending               | <u>\$ 827,531</u>       | <u>\$ 576,376</u> | <u>\$ 65,752</u>         | <u>\$ 51,244</u> | <u>\$ 893,283</u> | <u>\$ 627,620</u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Financial Analysis of the Regional Office of Education #1 Funds**

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Regional Office's Governmental Funds reported combined fund balances of \$615,972 in FY15 and \$552,902 in FY14. The increase is a result of increased revenue and the Regional Office's efforts to keep costs down while still providing necessary services to the public.

**Governmental Fund Highlights**

Revenues for governmental activities were \$1,769,819 and expenditures were \$1,657,577. The Regional Office experienced an increase in revenues during FY15 primarily in the General Fund as a result of an increase in General State Aid, Fingerprinting, and County School Facilities Occupation Tax, and expenditures increased in relative proportion to the increase in available funding.

Special Projects revenues increased while expenditures decreased in FY15.

In the General State Aid Fund, revenues and expenditures for on-behalf payments decreased.

Education Fund revenues decreased by \$268 from FY14. Total Education Fund expenditures increased by \$17,333 during FY15. Salaries and benefits and capital outlay decreased, while purchased services (including travel and entertainment), supplies and materials, and payments to other governments increased due to increased expenditures in the Foundational Services grant.

**Proprietary Fund Highlights**

Revenues for proprietary activities were \$24,670 and expenses were \$10,504. Revenues increased from FY14 due to the addition of a Pearson Vue testing center in FY15.

**Budgetary Highlights**

The Regional Office annually adopts budgets for certain grants, which are submitted to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Regional Office amended several of its grant budgets to reflect adjustments in revenue and expenditures associated with changes in funding from the federal and State sources or for additional services needed and provided to the local school districts. A schedule showing the original and final grant budget amounts compared to the Regional Office's actual financial activity is included in the supplementary information section of this report on pages 61 through 68.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Capital Assets**

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets that has accumulated over time. The Regional Office's fixed assets increased by \$4,896 in FY15. In addition, the Regional Office has adopted a depreciation schedule that reflects the level of capital assets, net of accumulated depreciation. More detailed information about capital assets is available in Note 3 to the financial statements.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Regional Office was aware of several existing circumstances that could affect its financial health in the future:

- On July 1, 2015, per the State legislature, the Regional Office of Education #1 will add Brown, Cass, Morgan, and Scott counties to the existing Educational Service Region. These four counties formerly made up Regional Office of Education #46. The assets and liabilities of the former Regional Office of Education #46 will be transferred to the Regional Office of Education #1.
- The State of Illinois Foundational level used in the calculation of General State Aid remains at \$6,119 per student; however, the entitled funds will be prorated per the Legislature in FY16.
- FY16 funding for Child and Family Connections will be similar to FY15.
- FY16 funding for Truants Alternative / Optional Education will be similar to the FY15 funding, in that the amounts that ROE #1 will receive are similar to the amounts that ROE #1 and ROE #46 received in FY15 combined.
- Funding for the Regional Safe School Program will be 76% of FY15 funding of ROE #1 and ROE #46 combined. Previously, each office received a foundation level amount for the grant plus a per population amount. After the consolidation, only one foundation level was received due to the combination of offices.
- The Regional Office anticipates the continued delay in grant funding payments from the State and other agencies. This delay will continue to cause a significant financial hardship.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Adams/Pike Counties Regional Office of Education #1, 507 Vermont Street, Quincy, IL 62301.

## BASIC FINANCIAL STATEMENTS

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF NET POSITION  
JUNE 30, 2015

|  | Primary Government         |                             |                   |
|--|----------------------------|-----------------------------|-------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total             |
| <b>ASSETS</b>                          |                            |                             |                   |
| Current assets:                        |                            |                             |                   |
| Cash and cash equivalents              | \$ 474,745                 | \$ 64,376                   | \$ 539,121        |
| Accounts receivable                    | 33,724                     | -                           | 33,724            |
| Due from other governments:            |                            |                             |                   |
| Local                                  | 28,390                     | 1,500                       | 29,890            |
| State                                  | 69,369                     | -                           | 69,369            |
| Federal                                | 15,402                     | -                           | 15,402            |
| Total current assets                   | <u>621,630</u>             | <u>65,876</u>               | <u>687,506</u>    |
| Noncurrent assets:                     |                            |                             |                   |
| Capital assets, being depreciated, net | 20,598                     | 496                         | 21,094            |
| Net pension asset                      | 231,993                    | -                           | 231,993           |
| Total noncurrent assets                | <u>252,591</u>             | <u>496</u>                  | <u>253,087</u>    |
| <br>                                   |                            |                             |                   |
| <b>TOTAL ASSETS</b>                    | <u>874,221</u>             | <u>66,372</u>               | <u>940,593</u>    |
| <br>                                   |                            |                             |                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |                             |                   |
| Deferred outflows related to pensions  | <u>83,760</u>              | <u>-</u>                    | <u>83,760</u>     |
| <br>                                   |                            |                             |                   |
| <b>LIABILITIES</b>                     |                            |                             |                   |
| Current liabilities:                   |                            |                             |                   |
| Accounts payable                       | 3,399                      | 620                         | 4,019             |
| Due to other governments:              |                            |                             |                   |
| Local                                  | 1,926                      | -                           | 1,926             |
| State                                  | 28                         | -                           | 28                |
| Unearned revenue                       | 305                        | -                           | 305               |
| <b>TOTAL LIABILITIES</b>               | <u>5,658</u>               | <u>620</u>                  | <u>6,278</u>      |
| <br>                                   |                            |                             |                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                             |                   |
| Deferred inflows related to pensions   | <u>124,792</u>             | <u>-</u>                    | <u>124,792</u>    |
| <br>                                   |                            |                             |                   |
| <b>NET POSITION</b>                    |                            |                             |                   |
| Investment in capital assets           | 20,598                     | 496                         | 21,094            |
| Restricted—other                       | 377,702                    | -                           | 377,702           |
| Unrestricted                           | 429,231                    | 65,256                      | 494,487           |
| <b>TOTAL NET POSITION</b>              | <u>\$ 827,531</u>          | <u>\$ 65,752</u>            | <u>\$ 893,283</u> |

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

| FUNCTIONS/PROGRAMS   | Program Revenues    |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                   |
|--|---------------------|-------------------------|--|--|-----------------------------|-------------------|
|  | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                   |                             | Total             |
|  |                     |                         |  | Governmental<br>Activities                           | Business-Type<br>Activities |                   |
| Primary Government:  |                     |                         |  |  |                             |                   |
| Governmental Activities:                                   |                     |                         |  |  |                             |                   |
| Instructional Services                                     |                     |                         |  |  |                             |                   |
| Salaries and benefits                                      | \$ 621,783          | \$ -                    | \$ 463,857                               | \$ (157,926)   | \$ 404                      | \$ (157,522)      |
| Purchased services   | 184,476             | -                       | 136,984                                  | (47,492)   | 4,874                       | (42,618)          |
| Supplies and materials                                     | 31,261              | -                       | 26,263                                   | (4,998)  | 5,102                       | 104               |
| Other objects  | 31,922              | -                       | 21,813                                   | (10,109)   | -                           | (10,109)          |
| Depreciation expense                                       | 7,772               | -                       | -  | (7,772)  | -                           | (7,772)           |
| Capital outlay   | -                   | -                       | 4,896                                    | 4,896  | -                           | 4,896             |
| Payments to other governments                              | 465,292             | -                       | 143,729                                  | (321,563)  | -                           | (321,563)         |
| Pension expense (income)                                   | (5,210)             | -                       | -  | 5,210  | -                           | 5,210             |
| Administrative:  |                     |                         |  |  |                             |                   |
| On-behalf payments - State                                 | 253,591             | -                       | -  | (253,591)  | -                           | (253,591)         |
| Total Governmental Activities                              | <u>1,590,887</u>    | <u>-</u>                | <u>797,542</u>                           | <u>(793,345)</u>                                     | <u>10,380</u>               | <u>(782,965)</u>  |
| Business-Type Activities:                                  |                     |                         |  |  |                             |                   |
| Charges for services                                       | 10,504              | 24,670                  | -  | -  | 14,166                      | 14,166            |
| Total Business-Type Activities                             | <u>10,504</u>       | <u>24,670</u>           | <u>-</u>                                 | <u>-</u>   | <u>14,166</u>               | <u>14,166</u>     |
| <b>TOTAL PRIMARY GOVERNMENT</b>                            | <u>\$ 1,601,391</u> | <u>\$ 24,670</u>        | <u>\$ 797,542</u>                        | <u>(793,345)</u>                                     | <u>24,546</u>               | <u>(768,799)</u>  |
| <b>GENERAL REVENUES:</b>                                   |                     |                         |  |  |                             |                   |
|  |                     |                         |  |  |                             |                   |
| Local sources  |                     |                         |  | 379,631  | -                           | 379,631           |
| State sources  |                     |                         |  | 268,819  | -                           | 268,819           |
| On-behalf payments - State                                 |                     |                         |  | 253,591  | -                           | 253,591           |
| Investment earnings  |                     |                         |  | 3,546  | 342                         | 3,888             |
| Total General Revenues                                     |                     |                         |  | <u>905,587</u>                                       | <u>342</u>                  | <u>905,929</u>    |
| <b>CHANGE IN NET POSITION</b>                              |                     |                         |  | <u>112,242</u>                                       | <u>14,508</u>               | <u>126,750</u>    |
| <b>NET POSITION - BEGINNING</b><br>(Restated, See Note 12) |                     |                         |  | <u>715,289</u>                                       | <u>51,244</u>               | <u>766,533</u>    |
| <b>NET POSITION - ENDING</b>                               |                     |                         |  | <u>\$ 827,531</u>                                    | <u>\$ 65,752</u>            | <u>\$ 893,283</u> |

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|   | General<br>Fund   | Education<br>Fund | Nonmajor<br>Special Revenue<br>Funds | Eliminations        | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------|--------------------------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                                 |                   |                   |                                      |                     |                                |
| Cash and cash equivalents                     | \$ 356,980        | \$ 9,270          | \$ 108,495                           | \$ -                | \$ 474,745                     |
| Accounts receivable                           | 6,724             | 27,000            | -                                    | -                   | 33,724                         |
| Due from other funds                          | 101,331           | -                 | -                                    | (101,331)           | -                              |
| Due from other governments:                   |                   |                   |                                      |                     |                                |
| Local   | 11,732            | 16,658            | -                                    | -                   | 28,390                         |
| State   | -                 | 69,369            | -                                    | -                   | 69,369                         |
| Federal                                       | -                 | 15,402            | -                                    | -                   | 15,402                         |
| Total assets                                  | <u>\$ 476,767</u> | <u>\$ 137,699</u> | <u>\$ 108,495</u>                    | <u>\$ (101,331)</u> | <u>\$ 621,630</u>              |
| <b>LIABILITIES</b>                            |                   |                   |                                      |                     |                                |
| Accounts payable                              | \$ 1,987          | \$ 1,412          | \$ -                                 | \$ -                | \$ 3,399                       |
| Due to other funds                            | 4,517             | 96,814            | -                                    | (101,331)           | -                              |
| Due to other governments:                     |                   |                   |                                      |                     |                                |
| Local   | -                 | 1,926             | -                                    | -                   | 1,926                          |
| State   | -                 | 28                | -                                    | -                   | 28                             |
| Unearned revenue                              | -                 | 305               | -                                    | -                   | 305                            |
| Total liabilities                             | <u>6,504</u>      | <u>100,485</u>    | <u>-</u>                             | <u>(101,331)</u>    | <u>5,658</u>                   |
| <b>FUND BALANCE</b>                           |                   |                   |                                      |                     |                                |
| Restricted                                    | -                 | 37,214            | 108,495                              | -                   | 145,709                        |
| Assigned                                      | 37,242            | -                 | -                                    | -                   | 37,242                         |
| Unassigned                                    | 433,021           | -                 | -                                    | -                   | 433,021                        |
| Total fund balance                            | <u>470,263</u>    | <u>37,214</u>     | <u>108,495</u>                       | <u>-</u>            | <u>615,972</u>                 |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> |                   |                   |                                      |                     |                                |
|   | <u>\$ 476,767</u> | <u>\$ 137,699</u> | <u>\$ 108,495</u>                    | <u>\$ (101,331)</u> | <u>\$ 621,630</u>              |

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



ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2015

|  |  |            |
|--|--|------------|
| TOTAL FUND BALANCES — GOVERNMENTAL FUNDS |  | \$ 615,972 |
|--|--|------------|

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. |  | 20,598 |
|---|--|--------|

|  |  |         |
|--|--|---------|
| Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore are not reported in the funds.<br>IMRF net pension asset |  | 231,993 |
|--|--|---------|

|   |                  |                 |
|---|------------------|-----------------|
| Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows: |                  |                 |
| Deferred outflows of resources  | \$ 83,760        |                 |
| Deferred inflows of resources   | <u>(124,792)</u> | <u>(41,032)</u> |

|   |  |                   |
|---|--|-------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES |  | <u>\$ 827,531</u> |
|---|--|-------------------|

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|   | General<br>Fund   | Education<br>Fund | Nonmajor<br>Special Revenue<br>Funds | Eliminations | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------|--------------------------------------|--------------|--------------------------------|
| <b>REVENUES</b>                                 |                   |                   |                                      |              |                                |
| Local sources                                   | \$ 222,259        | \$ 121,752        | \$ 35,620                            | \$ -         | \$ 379,631                     |
| State sources                                   | 349,217           | 461,881           | 852                                  | -            | 811,950                        |
| On-behalf payments - State                      | 253,591           | -                 | -                                    | -            | 253,591                        |
| Federal sources                                 | -                 | 254,411           | -                                    | -            | 254,411                        |
| Total revenues                                  | <u>825,067</u>    | <u>838,044</u>    | <u>36,472</u>                        | <u>-</u>     | <u>1,699,583</u>               |
| <b>EXPENDITURES</b>                             |                   |                   |                                      |              |                                |
| Instructional services:                         |                   |                   |                                      |              |                                |
| Salaries and benefits                           | 142,579           | 463,857           | 15,347                               | -            | 621,783                        |
| Pension expense                                 | 9,623             | 35,855            | 1,360                                | -            | 46,838                         |
| Purchased services                              | 44,128            | 136,984           | 3,364                                | -            | 184,476                        |
| Supplies and materials                          | 3,985             | 26,263            | 1,013                                | -            | 31,261                         |
| Other objects                                   | 3,518             | 21,813            | 6,591                                | -            | 31,922                         |
| Payments to other governments                   | 321,563           | 143,729           | -                                    | -            | 465,292                        |
| On-behalf payments - State                      | 253,591           | -                 | -                                    | -            | 253,591                        |
| Capital outlay                                  | 3,824             | -                 | 1,072                                | -            | 4,896                          |
| Total expenditures                              | <u>782,811</u>    | <u>828,501</u>    | <u>28,747</u>                        | <u>-</u>     | <u>1,640,059</u>               |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b> | <u>42,256</u>     | <u>9,543</u>      | <u>7,725</u>                         | <u>-</u>     | <u>59,524</u>                  |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                   |                   |                                      |              |                                |
| Transfers in                                    | 272               | 10,500            | -                                    | (10,772)     | -                              |
| Transfers out                                   | (10,272)          | -                 | (500)                                | 10,772       | -                              |
| Interest income                                 | 2,515             | 621               | 410                                  | -            | 3,546                          |
| Total other financing sources (uses)            | <u>(7,485)</u>    | <u>11,121</u>     | <u>(90)</u>                          | <u>-</u>     | <u>3,546</u>                   |
| <b>NET CHANGE IN FUND BALANCE</b>               | 34,771            | 20,664            | 7,635                                | -            | 63,070                         |
| <b>FUND BALANCE - BEGINNING</b>                 | <u>435,492</u>    | <u>16,550</u>     | <u>100,860</u>                       | <u>-</u>     | <u>552,902</u>                 |
| <b>FUND BALANCE - ENDING</b>                    | <u>\$ 470,263</u> | <u>\$ 37,214</u>  | <u>\$ 108,495</u>                    | <u>\$ -</u>  | <u>\$ 615,972</u>              |

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
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, 2015

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 63,070

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

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

|                      |                |         |
|----------------------|----------------|---------|
| Capital outlay       | \$ 4,896       |         |
| Depreciation expense | <u>(7,772)</u> | (2,876) |

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

|                              |              |               |
|------------------------------|--------------|---------------|
| Pension contributions        | \$ 46,838    |               |
| Cost of benefits earned, net | <u>5,210</u> | <u>52,048</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 112,242

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

|  | Business-Type Activities<br>Enterprise Funds |                             |                  |
|--|--|-----------------------------|------------------|
|  | Local Workshops                              | Nonmajor<br>Enterprise Fund | Total            |
|  |  |                             |                  |
| <b>ASSETS</b>                          |  |                             |                  |
| Current assets:                        |  |                             |                  |
| Cash and cash equivalents              | \$ 58,830                                    | \$ 5,546                    | \$ 64,376        |
| Due from other governments:            |  |                             |                  |
| Local                                  | 1,025  | 475                         | 1,500            |
| Total current assets                   | 59,855                                       | 6,021                       | 65,876           |
| Noncurrent assets:                     |  |                             |                  |
| Capital assets, being depreciated, net | 496  | -                           | 496              |
| <b>TOTAL ASSETS</b>                    | <b>60,351</b>                                | <b>6,021</b>                | <b>66,372</b>    |
| <b>LIABILITIES</b>                     |  |                             |                  |
| Current liabilities:                   |  |                             |                  |
| Accounts payable                       | 620  | -                           | 620              |
| <b>TOTAL LIABILITIES</b>               | <b>620</b>                                   | <b>-</b>                    | <b>620</b>       |
| <b>NET POSITION</b>                    |  |                             |                  |
| Invested in capital assets             | 496  | -                           | 496              |
| Unrestricted                           | 59,235                                       | 6,021                       | 65,256           |
| <b>TOTAL NET POSITION</b>              | <b>\$ 59,731</b>                             | <b>\$ 6,021</b>             | <b>\$ 65,752</b> |

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | Business-Type Activities -<br>Enterprise Funds |                             |           |
|--------------------------------|--|-----------------------------|-----------|
|                                | Local Workshops                                | Nonmajor<br>Enterprise Fund | Total     |
| OPERATING REVENUES             |  |                             |           |
| Charges for services           | \$ 18,675                                      | \$ 5,995                    | \$ 24,670 |
| Total Operating Revenues       | 18,675   | 5,995                       | 24,670    |
| OPERATING EXPENSES             |  |                             |           |
| Salaries and benefits          | 404  | -                           | 404       |
| Purchased services             | 4,874  | -                           | 4,874     |
| Supplies and materials         | 5,102  | -                           | 5,102     |
| Depreciation                   | 124  | -                           | 124       |
| Total Operating Expenses       | 10,504   | -                           | 10,504    |
| OPERATING INCOME               | 8,171  | 5,995                       | 14,166    |
| NONOPERATING REVENUE           |  |                             |           |
| Interest income                | 316  | 26                          | 342       |
| Total Nonoperating Revenue     | 316  | 26                          | 342       |
| CHANGE IN NET POSITION         | 8,487  | 6,021                       | 14,508    |
| TOTAL NET POSITION - BEGINNING | 51,244   | -                           | 51,244    |
| TOTAL NET POSITION - ENDING    | \$ 59,731                                      | \$ 6,021                    | \$ 65,752 |

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Business-Type Activities -<br>Enterprise Funds |                             |                  |
|--|--|-----------------------------|------------------|
|  | Local<br>Workshops                             | Nonmajor<br>Enterprise Fund | Total            |
| Cash Flows from Operating Activities:  |  |                             |                  |
| Receipts from customers  | \$ 18,600                                      | \$ 5,520                    | \$ 24,120        |
| Payments to suppliers and providers of goods<br>and services                               | (9,356)  | -                           | (9,356)          |
| Payments to employees  | (404)  | -                           | (404)            |
| Net cash provided by operating activities  | <u>8,840</u>                                   | <u>5,520</u>                | <u>14,360</u>    |
| Cash Flows from Capital and Related Financing Activities:                                  |  |                             |                  |
| Acquisition of capital assets  | (620)  | -                           | (620)            |
| Net Cash Used for Capital and<br>Related Financing Activities                              | <u>(620)</u>                                   | <u>-</u>                    | <u>(620)</u>     |
| Cash Flows from Investing Activities:  |  |                             |                  |
| Interest income  | 316  | 26                          | 342              |
| Net Cash Provided by Investing Activities  | <u>316</u>                                     | <u>26</u>                   | <u>342</u>       |
| Net increase in cash and cash equivalents  | 8,536  | 5,546                       | 14,082           |
| Cash and cash equivalents - Beginning  | <u>50,294</u>                                  | <u>-</u>                    | <u>50,294</u>    |
| Cash and cash equivalents - Ending   | <u>\$ 58,830</u>                               | <u>\$ 5,546</u>             | <u>\$ 64,376</u> |
| Reconciliation of operating income to net cash<br>provided by operating activities:        |  |                             |                  |
| Operating income   | \$ 8,171                                       | \$ 5,995                    | \$ 14,166        |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities: |  |                             |                  |
| Depreciation expense   | 124  | -                           | 124              |
| Increase in assets:  |  |                             |                  |
| Due from other governments   | (75)   | (475)                       | (550)            |
| Increase in liabilities:   |  |                             |                  |
| Accounts payable   | 620  | -                           | 620              |
| Net cash provided by operating activities  | <u>\$ 8,840</u>                                | <u>\$ 5,520</u>             | <u>\$ 14,360</u> |

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

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2015

|                            | <u>Agency Fund</u>  |
|----------------------------|---|
|                            | <u>Pike County<br/>School Facility<br/>Occupation Tax</u> |
| <b>ASSETS</b>              |   |
| Cash and cash equivalents  | \$ 15   |
| Due from other governments | <u>441,842</u>  |
| Total Assets               | <u><u>\$ 441,857</u></u>                                  |
| <b>LIABILITIES</b>         |   |
| Due to other governments   | <u>\$ 441,857</u>   |
| Total Liabilities          | <u><u>\$ 441,857</u></u>                                  |

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams/Pike Counties Regional Office of Education #1 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2015, the Regional Office of Education #1 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Regional Office of Education #1 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government's proportionate share of employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through June 23, 2016, the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers' institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #1's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. FINANCIAL REPORTING ENTITY (Concluded)**

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

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

For the period ended June 30, 2015, the Regional Office of Education #1 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #1. Such activities are reported as a single special revenue fund (Education Fund).

**C. SCOPE OF THE REPORTING ENTITY**

The Regional Office of Education #1's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #1 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #1 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #1 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #1 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #1 being considered a component unit of the entity.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #1'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 #1 has two business-type activities that rely on fees and charges for support.

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and 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/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, 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 shortfalls in cash flow within grant programs and funds or to move unrestricted funding.

**E. 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.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #1; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Under the terms of grant agreements, Adams/Pike Counties Regional Office of Education #1 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #1’s policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #1 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 #1 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for 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 #1 has presented all major funds that met the above qualifications.

The Regional Office of Education #1 reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education #1 and is used to account for financial resources in the Region except those required to be accounted for and reported in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

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

Fingerprinting – This fund accounts for local monies received from school districts to share the cost of criminal background checks for substitute teachers.

General State Aid – This fund maintains revenues received from the State Board of Education earned on a per child basis and administers related program expenditures.

Miscellaneous Fund – This fund represents accumulated unused grant funds from programs that no longer exist.

Copier Fund – This fund accounts for all expenditures related to copiers.

Postage Fund – This fund accounts for all expenditures related to postage.

School Directory – This fund accounts for school directory expenditures that are made available to all the districts in the Region.

Pike County Film Coop – This fund was financed in prior years by contributions from the six member schools within Pike County based on an amount equal to \$1.25 per enrolled student.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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:

Administrators Academy – The ROE received a State grant to provide workshops for area teachers.

Regional Office of Prevention Effectiveness Services (ROPES) – This is a State grant to provide substance abuse prevention for youth ages 10-17 in Calhoun, Greene, Cass, and Morgan Counties.

Truants Alternative and Optional Education – This program provides truancy prevention programs and services for monitoring truants.

ROE/ISC Operations – This fund accounts for monies for general and administrative expenditures.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

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

National School Breakfast Program – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe Schools Program.

McKinney Education for Homeless Children – This program is to provide for a local homeless liaison to help homeless students in the Region.

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion.

Child and Family Connections – This program for preschool children with disabilities is funded by the Department of Human Services.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

Tracy National Institute for School Leadership – This program provides school leadership training through the National Institute for School Leadership and is funded by a grant from the Tracy Family Foundation and a corporate donation.

Schools Against Fearful Environment (SAFE) – This program provides drug-free programs from the Sheriff’s Department to local school districts.

System of Support – This program provides professional development activities to schools that are on Illinois’s Academic Watch List. To be on the list, students have not made adequate yearly progress for at least two years.

Title II – Teacher Quality – Leadership – This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

Early Childhood Education Initiative – This program is intended to have a learning impact on preschool age children to increase their ability to succeed in school.

Title I – School Improvement and Accountability – Provides ISBE-developed and -approved content to local school districts. Services are provided through professional development workshops, targeted networking sessions, and technical assistance.

Reading: A Healthy Start – By partnering with medical providers, this program seeks to develop critical early reading skills in children and to encourage families to read together.

The Regional Office of Education #1 reports the following Nonmajor Special Revenue Funds:

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.

Tracy Foundation General Education Development – This fund is used to administer scholarships for qualified candidates taking the GED test.

Bus Driver Training – Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Institute – This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers’ institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or to defray the expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #1 reports the following enterprise funds:

Local Workshops – This program accounts for monies received for the general operations of workshops and the administrator’s academy.

The Regional Office of Education #1 reports the following nonmajor enterprise fund:

Testing Center – This fund is used to account for the activity of the new testing center located at the Regional Office of Education #1.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the Regional Office of Education #1 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #1 reports the following agency fund:

Pike County School Facility Occupation Tax – This fund accounts for the assets held by the Regional Office of Education #1 to be distributed to local school districts. Monies are received from the State Comptroller for the School Facilities Occupation Tax and are disbursed to the school districts.



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
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JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a governmental fund's net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #1 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a governmental fund's net position that is subject to external enforceable legal restrictions. The following nonmajor special revenue funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds. The following nonmajor special revenue fund is restricted by grantor or donor restrictions: Tracy Foundation General Education Development. The following Education Fund accounts are restricted by grantor or donor restrictions: Administrators Academy, Tracy National Institute for School Leadership, and Early Childhood Education Initiative.

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 #1 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: Fingerprinting, School Directory, and Pike County Film Coop.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following General Fund accounts are unassigned: General Operations, General State Aid, Miscellaneous, Copier, and Postage.

J. NET POSITION

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

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.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION (Concluded)

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

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #1 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2015, cash and cash equivalents consisted of cash on deposit and invested in the Illinois Funds Money Market Fund.

L. 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.

M. 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 in the government-wide financial statements. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                                |            |
|--------------------------------|------------|
| Office equipment and furniture | 5-10 years |
| Computer equipment             | 3 years    |
| Software and licenses          | 2 years    |

In the governmental fund financial statements, capital assets are reported as capital outlay expenditures when acquired.

N. 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.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES  
(Concluded)

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 in the governmental funds 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.

O. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. At the end of the fiscal year, up to ten days of accumulated vacation time can be carried forward. Employee vacation pay is recorded when paid. Upon termination, employees do not receive accrued vacation pay, and therefore no liability is recorded.

A full-time employee is entitled to two personal leave days per year. These days must be used in the employee year and may not accumulate from year to year.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

P. BUDGET INFORMATION

The Regional Office of Education #1 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Office of Prevention Effectiveness Services (ROPES), Truants Alternative and Optional Education, ROE/ISC Operations, McKinney Education for Homeless Children, Regional Safe Schools, Child and Family Connections, Title II – Teacher Quality – Leadership, and Title I – School Improvement and Accountability.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #1 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education #1's government-wide and agency fund deposits were \$539,121 and \$15, respectively, and the bank balances were \$774,853 and \$17, respectively. Of the total bank balances as of June 30, 2015, \$250,000 was insured by Federal Depository Insurance Corporation, \$507,573 was collateralized by securities pledged by the Regional Office of Education #1's financial institution in the name of the Regional Office, and \$17,297 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #1'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 Regional Office.

B. INVESTMENTS

The Regional Office of Education #1 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2015, the Regional Office of Education #1 had deposits totaling \$17,297 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS (Concluded)

CREDIT RISK

At June 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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.

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.

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #1 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 3 – CAPITAL ASSETS (Concluded)

|  | Balance             |                   |                  | Balance              |
|--|---------------------|-------------------|------------------|----------------------|
|  | <u>July 1, 2014</u> | <u>Additions</u>  | <u>Deletions</u> | <u>June 30, 2015</u> |
| Governmental Activities                |                     |                   |                  |                      |
| Capital assets being depreciated:      |                     |                   |                  |                      |
| Office furniture                       | \$ 23,272           | \$ -              | \$ -             | \$ 23,272            |
| Office equipment                       | 300,942             | 4,896             | -                | 305,838              |
| Total capital assets being depreciated | <u>324,214</u>      | <u>4,896</u>      | <u>-</u>         | <u>329,110</u>       |
| Less accumulated depreciation:         |                     |                   |                  |                      |
| Office furniture                       | (23,272)            | -                 | -                | (23,272)             |
| Office equipment                       | <u>(277,468)</u>    | <u>(7,772)</u>    | <u>-</u>         | <u>(285,240)</u>     |
| Total accumulated depreciation         | <u>(300,740)</u>    | <u>(7,772)</u>    | <u>-</u>         | <u>(308,512)</u>     |
| Governmental Activities -              |                     |                   |                  |                      |
| Investment in Capital Assets           | <u>\$ 23,474</u>    | <u>\$ (2,876)</u> | <u>\$ -</u>      | <u>\$ 20,598</u>     |
| Business-Type Activities               |                     |                   |                  |                      |
| Capital assets being depreciated:      |                     |                   |                  |                      |
| Office Equipment                       | \$ -                | \$ 620            | \$ -             | \$ 620               |
| Less accumulated depreciation:         |                     |                   |                  |                      |
| Office Equipment                       | <u>-</u>            | <u>(124)</u>      | <u>-</u>         | <u>(124)</u>         |
| Business-Type Activities -             |                     |                   |                  |                      |
| Investment in Capital Assets           | <u>\$ -</u>         | <u>\$ 496</u>     | <u>\$ -</u>      | <u>\$ 496</u>        |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$7,772 and \$124 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2015. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 4 – DEFINED-BENEFIT PENSION PLAN

**IMRF Plan Description**

The Regional Office of Education #1'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 #1'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 below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
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 JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Benefits Provided**

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

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

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

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

**Employees Covered by Benefit Terms**

As of December 31, 2014, the following employees were covered by the benefit terms:

|  | <b>IMRF</b> |
|--|-------------|
| Retirees and Beneficiaries currently receiving benefits          | 12          |
| Inactive Plan Members entitled to but not yet receiving benefits | 29          |
| Active Plan Members  | 15          |
| <b>Total</b>   | <b>56</b>   |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Contributions**

As set by statute, the Regional Office of Education #1'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 #1's annual contribution rate for calendar year 2014 was 10.90%. For the calendar year ended 2014, the Regional Office of Education #1 contributed \$52,978 to the plan. The Regional Office of Education #1 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 #1's net pension liability was measured as of December 31, 2014. 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, 2014:

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



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 REGIONAL OFFICE OF EDUCATION #1  
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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

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

| <u>Asset Class</u>      | <u>Portfolio Target Percentage</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|------------------------------------|---|
| Domestic Equity         | 38%                                | 7.60%   |
| International Equity    | 17%                                | 7.80%   |
| Fixed Income            | 27%                                | 3.00%   |
| Real Estate             | 8%                                 | 6.15%   |
| Alternative Investments | 9%                                 | 5.25-8.50%                                    |
| 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 3.56%, and the resulting single discount rate is 7.50%.

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NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

|  | <b>Total<br/>Pension<br/>Liability<br/>(A)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(B)</b> | <b>Net Pension<br/>Liability<br/>(Asset)<br/>(A) - (B)</b> |
|--|--|--|--|
| <b>Balances at December 31, 2013</b>   | \$ 1,931,691                                   | \$ 2,042,995                                   | \$ (111,304)   |
| <b>Changes for the year:</b>   |  |  |  |
| Service Cost   | 57,403   | -  | 57,403   |
| Interest on the Total Pension Liability  | 144,347  | -  | 144,347  |
| Changes of Benefit Terms   | -  | -  | -  |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | (188,384)                                      | -  | (188,384)  |
| Changes of Assumptions   | 72,028   | -  | 72,028   |
| Contributions - Employer   | -  | 52,978   | (52,978)   |
| Contributions - Employees  | -  | 21,872   | (21,872)   |
| Net Investment Income  | -  | 132,988  | (132,988)  |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | (73,531)                                       | (73,531)                                       | -  |
| Other (Net Transfer)   | -  | (1,755)  | 1,755  |
| Net Changes  | 11,863   | 132,552  | (120,689)  |
| <b>Balances at December 31, 2014</b>   | <u>\$ 1,943,554</u>                            | <u>\$ 2,175,547</u>                            | <u>\$ (231,993)</u>  |

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

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

|                                      | <b>1% Lower<br/>6.50%</b> | <b>Current Discount<br/>7.50%</b> | <b>1% Higher<br/>8.50%</b> |
|--------------------------------------|---------------------------|-----------------------------------|----------------------------|
| <b>Net Pension Liability/(Asset)</b> | \$ 38,653                 | \$ (231,993)                      | \$ (446,824)               |

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

For the year ending June 30, 2015, the Regional Office of Education #1 recognized pension income of \$5,210. At June 30, 2015, the Regional Office of Education #1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Concluded)

| <b>Deferred Amounts Related to Pensions</b>                                      | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
|  | <u>                    </u>                   | <u>                    </u>                  |
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>    |   |  |
| Differences between expected and actual experience                               | \$ -  | \$ 124,792                                   |
| Changes of assumptions   | 47,713  | -  |
| Net difference between projected and actual earnings on pension plan investments | <u>14,577</u>                                 | <u>-</u>                                     |
| Total Deferred Amounts to be recognized in pension expense in future periods     | <u>62,290</u>                                 | <u>124,792</u>                               |
| Pension Contributions made subsequent to the Measurement Date                    | <u>21,470</u>                                 | <u>-</u>                                     |
| Total Deferred Amounts Related to Pensions                                       | <u><u>\$ 83,760</u></u>                       | <u><u>\$ 124,792</u></u>                     |

\$21,470 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| <b>Net Deferred Outflows<br/>of Resources</b> |                             |
|---|-----------------------------|
|   | <u>                    </u> |
| \$  | (35,633)                    |
|   | (34,157)                    |
|   | 3,644                       |
|   | 3,644                       |
|   | -                           |
|   | -                           |
| <u>\$</u>                                     | <u><u>(62,502)</u></u>      |

NOTE 5 – RISK MANAGEMENT

The Regional Office of Education #1 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 #1 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.

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 6 – OPERATING LEASES

The Regional Office of Education #1 leased office space at 510 Maine Street, Quincy, Illinois, for \$800 per month. The lease term began on July 1, 2014, and ended on June 30, 2015. The Regional Office leases office equipment for \$131 per month, \$10 per month, \$139 per month, and \$17 per month with the leases ending on July 31, 2014, July 15, 2015, July 31, 2015, and September 7, 2015, respectively. Two copiers are leased for \$126 per month with leases ending on May 13, 2015 and May 13, 2016, respectively. A third copier is leased from month to month for \$64 per month. The Regional Office also leases a postage meter for \$66 per month; the lease agreement runs through July 31, 2018.

Total office lease expense was \$9,600 and equipment lease expense was \$5,059 for the year ended June 30, 2015. Future minimum rentals are as follows for the years ending June 30:

|       |    |              |
|-------|----|--------------|
| 2016  | \$ | 789          |
| 2017  |    | 789          |
| 2018  |    | 789          |
| 2019  |    | 66           |
| 2020  |    | -            |
| Total | \$ | <u>2,433</u> |

NOTE 7 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2015, consist of the following individual due to/from other funds in the governmental fund Balance Sheet. These balances were eliminated in the government-wide Statement of Net Position.

|                | Due from<br><u>Other Funds</u> | Due to<br><u>Other Funds</u> |
|----------------|--------------------------------|------------------------------|
| General Fund   | \$ 101,331                     | \$ 4,517                     |
| Education Fund | -                              | 96,814                       |
|                | <u>\$ 101,331</u>              | <u>\$ 101,331</u>            |

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2015, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. The transfer balances were eliminated in the government-wide Statement of Activities.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 7 – INTERFUND ACTIVITY (Concluded)

TRANSFERS (Concluded)

|                                | Transfers In | Transfers Out |
|--------------------------------|--------------|---------------|
| General Fund                   | \$ 272       | \$ 10,272     |
| Education Fund                 | 10,500       | -             |
| Nonmajor Special Revenue Funds | -            | 500           |
|                                | \$ 10,772    | \$ 10,772     |

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #1’s General Fund, Education Fund, Proprietary Funds, and Agency Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

Local Governments \$ 11,732

Education Fund

Local Governments 26,193  
Illinois State Board of Education 1,854  
Illinois Department of Human Services 73,382

Proprietary Funds

Local Governments 1,500

Agency Fund

Local Governments 441,842

Total Due from Other Governments \$ 556,503

Due to Other Governments:

Education Fund

Local Governments \$ 1,926  
Illinois State Board of Education 28

Agency Fund

Local Governments 441,857

Total Due to Other Governments \$ 443,811

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 9 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #1:

|   |                   |
|---|-------------------|
| Regional Superintendent Salary  | \$ 106,356        |
| Assistant Regional Superintendent Salary                                      | 95,736            |
| Regional Superintendent Benefits<br>(includes State-paid insurance)           | 20,322            |
| Assistant Regional Superintendent Benefits<br>(includes State-paid insurance) | <u>31,177</u>     |
| Total   | <u>\$ 253,591</u> |

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

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The Regional Office of Education #1 allows employees who retire through the Regional Office of Education #1 the option to continue in the Regional Office of Education #1's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #1's health insurance plan is considered a community-rated plan. In addition, the ROE #1 has no explicit subsidy as defined in GASB Statement No. 45.

NOTE 11 – 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 recognizes consolidations agreed to via state board resolutions prior to June 30, 2013. Effective July 1, 2015, the Adams/Pike Counties Regional Office of Education #1 will consolidate Brown, Cass, Morgan, and Scott Counties, formerly in the Regional Office of Education #46 educational service region, into its educational service region.

NOTE 12 – RESTATEMENT

The Regional Office of Education #1 reclassified the Testing Center fund from a nonmajor special revenue fund to a nonmajor proprietary fund. The GED testing revenue and non-GED revenue streams were segregated in the current year. The opening fund balance for the General Education Development fund was restated to increase by \$2,325 (from \$14,843 to \$17,168) and the opening fund balance for the Testing Center fund decreased from \$2,325 to \$0, but this did not have an effect on the total opening fund balance for nonmajor special revenue funds.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 12 –RESTATEMENT (Concluded)

The Regional Office of Education #1 implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, in the current year. The net opening balance of deferred inflows of resources, deferred outflows of resources, and net pension asset was \$138,913. Because these pension-related opening balances reflect decreases in pension expense not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

|   |                   |
|---|-------------------|
| Net position - July 1, 2014   | \$ 576,376        |
| Effect of recognizing net deferred outflows<br>of resources and net pension asset | 138,913           |
| Net position, restated - July 1, 2014   | <u>\$ 715,289</u> |

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



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
CALENDAR YEAR 2014

| Calendar Year Ended December 31,  | <b>2014</b>      |
|---|------------------|
| <b>Total Pension Liability</b>  |                  |
| Service Cost  | \$ 57,403        |
| Interest on the Total Pension Liability   | 144,347          |
| Changes of Benefit Terms  | -                |
| Differences Between Expected and Actual Experience<br>of the Total Pension Liability      | (188,384)        |
| Changes of Assumptions  | 72,028           |
| Benefit Payments, including Refunds of Employee Contributions                             | (73,531)         |
| <b>Net Change in Total Pension Liability</b>  | 11,863           |
| <br><b>Total Pension Liability - Beginning</b>  | <br>1,931,691    |
| <br><b>Total Pension Liability - Ending (A)</b>   | <br>\$ 1,943,554 |
| <br><b>Plan Fiduciary Net Position</b>  |                  |
| Contributions - Employer  | \$ 52,978        |
| Contributions - Employees   | 21,872           |
| Net Investment Income   | 132,988          |
| Benefit Payments, including Refunds of Employee Contributions                             | (73,531)         |
| Other (Net Transfer)  | (1,755)          |
| <b>Net Change in Plan Fiduciary Net Position</b>  | 132,552          |
| <br><b>Plan Fiduciary Net Position - Beginning</b>  | <br>2,042,995    |
| <br><b>Plan Fiduciary Net Position - Ending (B)</b>                                       | <br>\$ 2,175,547 |
| <br><b>Net Pension Liability (Asset) - Ending (A) - (B)</b>                               | <br>\$ (231,993) |
| <br><b>Plan Fiduciary Net Position as a Percentage<br/>of the Total Pension Liability</b> | 111.94%          |
| <br><b>Covered Valuation Payroll</b>  | 486,036          |
| <br><b>Net Pension Liability as a Percentage<br/>of Covered Valuation Payroll</b>         | -47.73%          |

**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.

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
CALENDAR YEAR 2014

| Calendar Year<br>Ended<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Valuation<br>Payroll | Actual Contribution<br>as a Percentage<br>of Covered<br>Valuation Payroll |
|--|---|------------------------|--|---------------------------------|---|
| 2014                                   | \$ 49,965                                 | \$ 52,978              | \$ (3,013)                             | \$ 486,036                      | 10.90%  |

**Notes to Schedule:**

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 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 2014 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> | 29-year closed period  |
| <i>Asset Valuation Method:</i>        | 5-year smoothed market; 20% corridor   |
| <i>Wage Growth:</i>                   | 4%   |
| <i>Price Inflation:</i>               | 3%, approximate; No explicit price inflation assumption is used in this valuation.   |
| <i>Salary Increases:</i>              | 4.40% to 16%, including inflation  |
| <i>Investment Rate of Return:</i>     | 7.50%  |
| <i>Retirement Age:</i>                | Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.  |
| <i>Mortality:</i>                     | RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years. |

***Other Information:***

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2012, 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.

OTHER SUPPLEMENTARY INFORMATION

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2015

|   | General<br>Operations | Fingerprinting   | General<br>State Aid | Miscellaneous<br>Fund | Copier<br>Fund   |
|---|-----------------------|------------------|----------------------|-----------------------|------------------|
| <b>ASSETS</b>                                 |                       |                  |                      |                       |                  |
| Cash and cash equivalents                     | \$ 35,794             | \$ 23,112        | \$ 189,857           | \$ 73,314             | \$ 15,121        |
| Accounts receivable                           | -                     | -                | -                    | 6,724                 | -                |
| Due from other funds                          | -                     | -                | 96,814               | 4,517                 | -                |
| Due from other governments                    |                       |                  |                      |                       |                  |
| Local   | 9,622                 | 2,110            | -                    | -                     | -                |
| <b>TOTAL ASSETS</b>                           | <b>\$ 45,416</b>      | <b>\$ 25,222</b> | <b>\$ 286,671</b>    | <b>\$ 84,555</b>      | <b>\$ 15,121</b> |
| <b>LIABILITIES</b>                            |                       |                  |                      |                       |                  |
| Accounts payable                              | \$ 516                | \$ 1,382         | \$ -                 | \$ 89                 | \$ -             |
| Due to other funds                            | 4,517                 | -                | -                    | -                     | -                |
| <b>Total liabilities</b>                      | <b>5,033</b>          | <b>1,382</b>     | <b>-</b>             | <b>89</b>             | <b>-</b>         |
| <b>FUND BALANCE</b>                           |                       |                  |                      |                       |                  |
| Assigned                                      | -                     | 23,840           | -                    | -                     | -                |
| Unassigned                                    | 40,383                | -                | 286,671              | 84,466                | 15,121           |
| <b>Total fund balance</b>                     | <b>40,383</b>         | <b>23,840</b>    | <b>286,671</b>       | <b>84,466</b>         | <b>15,121</b>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ 45,416</b>      | <b>\$ 25,222</b> | <b>\$ 286,671</b>    | <b>\$ 84,555</b>      | <b>\$ 15,121</b> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2015

|   | Postage<br>Fund | School<br>Directory | Pike County<br>Film Coop | Totals            |
|---|-----------------|---------------------|--------------------------|-------------------|
| <b>ASSETS</b>                                 |                 |                     |                          |                   |
| Cash and cash equivalents                     | \$ 6,380        | \$ 12,482           | \$ 920                   | \$ 356,980        |
| Accounts receivable                           | -               | -                   | -                        | 6,724             |
| Due from other funds                          | -               | -                   | -                        | 101,331           |
| Due from other governments                    |                 |                     |                          |                   |
| Local   | -               | -                   | -                        | 11,732            |
| <b>TOTAL ASSETS</b>                           | <b>\$ 6,380</b> | <b>\$ 12,482</b>    | <b>\$ 920</b>            | <b>\$ 476,767</b> |
| <b>LIABILITIES</b>                            |                 |                     |                          |                   |
| Accounts payable                              | \$ -            | \$ -                | \$ -                     | \$ 1,987          |
| Due to other funds                            | -               | -                   | -                        | 4,517             |
| <b>Total liabilities</b>                      | <b>-</b>        | <b>-</b>            | <b>-</b>                 | <b>6,504</b>      |
| <b>FUND BALANCE</b>                           |                 |                     |                          |                   |
| Assigned                                      | -               | 12,482              | 920                      | 37,242            |
| Unassigned                                    | 6,380           | -                   | -                        | 433,021           |
| <b>Total fund balance</b>                     | <b>6,380</b>    | <b>12,482</b>       | <b>920</b>               | <b>470,263</b>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ 6,380</b> | <b>\$ 12,482</b>    | <b>\$ 920</b>            | <b>\$ 476,767</b> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | General<br>Operations | Fingerprinting   | General<br>State Aid | Miscellaneous<br>Fund | Copier<br>Fund   |
|--|-----------------------|------------------|----------------------|-----------------------|------------------|
| <b>REVENUES</b>  |                       |                  |                      |                       |                  |
| Local sources  | \$ 144,614            | \$ 27,214        | \$ -                 | \$ 41,998             | \$ 386           |
| On-behalf payments - Local                                   | -                     | -                | -                    | -                     | -                |
| State sources  | -                     | -                | 349,217              | -                     | -                |
| On-behalf payments - State                                   | -                     | -                | 253,591              | -                     | -                |
| Total Revenues   | <u>144,614</u>        | <u>27,214</u>    | <u>602,808</u>       | <u>41,998</u>         | <u>386</u>       |
| <b>EXPENDITURES</b>  |                       |                  |                      |                       |                  |
| Salaries and benefits  | 109,041               | -                | -                    | 33,538                | -                |
| Pension expense  | 7,293                 | -                | -                    | 2,330                 | -                |
| Purchased services   | 3,463                 | 16,420           | 17,840               | 647                   | -                |
| Supplies and materials                                       | -                     | 17               | -                    | -                     | 2,228            |
| Other objects  | -                     | -                | -                    | 41                    | -                |
| Capital outlay   | 521                   | -                | -                    | 2,743                 | -                |
| Payments to governments                                      | -                     | -                | 321,563              | -                     | -                |
| On-behalf expenditures - Local                               | -                     | -                | -                    | -                     | -                |
| On-behalf expenditures - State                               | -                     | -                | 253,591              | -                     | -                |
| Total Expenditures   | <u>120,318</u>        | <u>16,437</u>    | <u>592,994</u>       | <u>39,299</u>         | <u>2,228</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>24,296</u>         | <u>10,777</u>    | <u>9,814</u>         | <u>2,699</u>          | <u>(1,842)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                  |                      |                       |                  |
| Transfers in   | -                     | -                | -                    | 272                   | -                |
| Transfers out  | -                     | -                | (10,272)             | -                     | -                |
| Interest income  | 63                    | 87               | 1,774                | 387                   | 74               |
| Total Other Financing Sources (Uses)                         | <u>63</u>             | <u>87</u>        | <u>(8,498)</u>       | <u>659</u>            | <u>74</u>        |
| <b>NET CHANGE IN FUND BALANCE</b>                            | 24,359                | 10,864           | 1,316                | 3,358                 | (1,768)          |
| <b>FUND BALANCE - BEGINNING</b>                              | <u>16,024</u>         | <u>12,976</u>    | <u>285,355</u>       | <u>81,108</u>         | <u>16,889</u>    |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ 40,383</u>      | <u>\$ 23,840</u> | <u>\$ 286,671</u>    | <u>\$ 84,466</u>      | <u>\$ 15,121</u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Postage<br>Fund | School<br>Directory | Pike County<br>Film Coop | Totals            |
|--|-----------------|---------------------|--------------------------|-------------------|
| <b>REVENUES</b>  |                 |                     |                          |                   |
| Local sources  | \$ 747          | \$ 7,300            | \$ -                     | \$ 222,259        |
| On-behalf payments - Local                                   | -               | -                   | -                        | -                 |
| State sources  | -               | -                   | -                        | 349,217           |
| On-behalf payments - State                                   | -               | -                   | -                        | 253,591           |
| Total Revenues   | <u>747</u>      | <u>7,300</u>        | <u>-</u>                 | <u>825,067</u>    |
| <b>EXPENDITURES</b>  |                 |                     |                          |                   |
| Salaries and benefits  | -               | -                   | -                        | 142,579           |
| Pension expense  | -               | -                   | -                        | 9,623             |
| Purchased services   | 1,513           | 4,245               | -                        | 44,128            |
| Supplies and materials                                       | -               | -                   | 1,740                    | 3,985             |
| Other objects  | -               | 3,477               | -                        | 3,518             |
| Capital outlay   | -               | 560                 | -                        | 3,824             |
| Payments to governments                                      | -               | -                   | -                        | 321,563           |
| On-behalf expenditures - Local                               | -               | -                   | -                        | -                 |
| On-behalf expenditures - State                               | -               | -                   | -                        | 253,591           |
| Total Expenditures   | <u>1,513</u>    | <u>8,282</u>        | <u>1,740</u>             | <u>782,811</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(766)</u>    | <u>(982)</u>        | <u>(1,740)</u>           | <u>42,256</u>     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |                     |                          |                   |
| Transfers in   | -               | -                   | -                        | 272               |
| Transfers out  | -               | -                   | -                        | (10,272)          |
| Interest income  | 30              | 64                  | 36                       | 2,515             |
| Total Other Financing Sources (Uses)                         | <u>30</u>       | <u>64</u>           | <u>36</u>                | <u>(7,485)</u>    |
| <b>NET CHANGE IN FUND BALANCE</b>                            | (736)           | (918)               | (1,704)                  | 34,771            |
| <b>FUND BALANCE - BEGINNING</b>                              | <u>7,116</u>    | <u>13,400</u>       | <u>2,624</u>             | <u>435,492</u>    |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ 6,380</u> | <u>\$ 12,482</u>    | <u>\$ 920</u>            | <u>\$ 470,263</u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

|   | Administrators<br>Academy | Regional Office<br>of Prevention<br>Effectiveness<br>Services (ROPES) | Truants<br>Alternative and<br>Optional<br>Education | ROE/ISC<br>Operations | State Free<br>Lunch and<br>Breakfast | National<br>School Lunch<br>Program |
|---|---------------------------|---|---|-----------------------|--------------------------------------|-------------------------------------|
| <b>ASSETS</b>                                 |                           |   |   |                       |                                      |                                     |
| Cash and cash equivalents                     | \$ 5                      | \$ -  | \$ -  | \$ -                  | \$ -                                 | \$ -                                |
| Accounts receivable                           | -                         | -   | -   | -                     | -                                    | -                                   |
| Due from other governments:                   |                           |   |   |                       |                                      |                                     |
| Local   | -                         | -   | -   | -                     | -                                    | -                                   |
| State   | -                         | -   | -   | -                     | 24                                   | -                                   |
| Federal                                       | -                         | 5,867   | -   | -                     | -                                    | -                                   |
| <b>TOTAL ASSETS</b>                           | <b>\$ 5</b>               | <b>\$ 5,867</b>   | <b>\$ -</b>   | <b>\$ -</b>           | <b>\$ 24</b>                         | <b>\$ -</b>                         |
| <b>LIABILITIES</b>                            |                           |   |   |                       |                                      |                                     |
| Accounts payable                              | \$ -                      | \$ 1,258  | \$ -  | \$ -                  | \$ -                                 | \$ -                                |
| Due to other funds                            | -                         | 4,537   | -   | -                     | -                                    | -                                   |
| Due to other governments:                     |                           |   |   |                       |                                      |                                     |
| Local   | -                         | 72  | -   | -                     | 24                                   | -                                   |
| State   | -                         | -   | -   | -                     | -                                    | -                                   |
| Unearned revenue                              | -                         | -   | -   | -                     | -                                    | -                                   |
| <b>Total Liabilities</b>                      | <b>-</b>                  | <b>5,867</b>  | <b>-</b>  | <b>-</b>              | <b>24</b>                            | <b>-</b>                            |
| <b>FUND BALANCE</b>                           |                           |   |   |                       |                                      |                                     |
| Restricted                                    | 5                         | -   | -   | -                     | -                                    | -                                   |
| <b>Total Fund Balance</b>                     | <b>5</b>                  | <b>-</b>  | <b>-</b>  | <b>-</b>              | <b>-</b>                             | <b>-</b>                            |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ 5</b>               | <b>\$ 5,867</b>   | <b>\$ -</b>   | <b>\$ -</b>           | <b>\$ 24</b>                         | <b>\$ -</b>                         |



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

|   | National<br>School Breakfast<br>Program | McKinney<br>Education for<br>Homeless<br>Children | Regional Safe<br>Schools | Child and<br>Family<br>Connections | Tracy<br>National Institute<br>for School<br>Leadership | Schools Against<br>Fearful<br>Environment<br>(SAFE) |
|---|---|---|--------------------------|------------------------------------|---|---|
| <b>ASSETS</b>                                 |   |   |                          |                                    |   |   |
| Cash and cash equivalents                     | \$ -                                    | \$ -  | \$ 28                    | \$ -                               | \$ 9,237  | \$ -  |
| Accounts receivable                           | -                                       | -   | -                        | -                                  | 27,000  | -   |
| Due from other governments:                   |   |   |                          |                                    |   |   |
| Local   | -                                       | 3,357   | -                        | -                                  | -   | -   |
| State   | -                                       | -   | 1,830                    | 67,515                             | -   | -   |
| Federal                                       | -                                       | -   | -                        | -                                  | -   | -   |
| <b>TOTAL ASSETS</b>                           | <b>\$ -</b>                             | <b>\$ 3,357</b>                                   | <b>\$ 1,858</b>          | <b>\$ 67,515</b>                   | <b>\$ 36,237</b>  | <b>\$ -</b>   |
| <b>LIABILITIES</b>                            |   |   |                          |                                    |   |   |
| Accounts payable                              | \$ -                                    | \$ -  | \$ -                     | \$ -                               | \$ 125  | \$ -  |
| Due to other funds                            | -                                       | 3,357   | -                        | 67,515                             | -   | -   |
| Due to other governments:                     |   |   |                          |                                    |   |   |
| Local   | -                                       | -   | 1,830                    | -                                  | -   | -   |
| State   | -                                       | -   | 28                       | -                                  | -   | -   |
| Unearned revenue                              | -                                       | -   | -                        | -                                  | -   | -   |
| <b>Total Liabilities</b>                      | <b>-</b>                                | <b>3,357</b>                                      | <b>1,858</b>             | <b>67,515</b>                      | <b>125</b>  | <b>-</b>  |
| <b>FUND BALANCE</b>                           |   |   |                          |                                    |   |   |
| Restricted                                    | -                                       | -   | -                        | -                                  | 36,112  | -   |
| <b>Total Fund Balance</b>                     | <b>-</b>                                | <b>-</b>  | <b>-</b>                 | <b>-</b>                           | <b>36,112</b>   | <b>-</b>  |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ -</b>                             | <b>\$ 3,357</b>                                   | <b>\$ 1,858</b>          | <b>\$ 67,515</b>                   | <b>\$ 36,237</b>  | <b>\$ -</b>   |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2015

|   | System of<br>Support | Title II -<br>Teacher Quality -<br>Leadership | Early Childhood<br>Education<br>Initiative | Title I - School<br>Improvement<br>and<br>Accountability | Reading: A<br>Healthy Start | Totals            |
|---|----------------------|---|--|--|-----------------------------|-------------------|
| <b>ASSETS</b>                                 |                      |   |  |  |                             |                   |
| Cash and cash equivalents                     | \$ -                 | \$ -  | \$ -                                       | \$ -   | \$ -                        | \$ 9,270          |
| Accounts receivable                           | -                    | -   | -  | -  | -                           | 27,000            |
| Due from other governments:                   |                      |   |  |  |                             |                   |
| Local   | -                    | -   | 13,301                                     | -  | -                           | 16,658            |
| State   | -                    | -   | -  | -  | -                           | 69,369            |
| Federal                                       | -                    | -   | -  | 9,535  | -                           | 15,402            |
| <b>TOTAL ASSETS</b>                           | <b>\$ -</b>          | <b>\$ -</b>                                   | <b>\$ 13,301</b>                           | <b>\$ 9,535</b>  | <b>\$ -</b>                 | <b>\$ 137,699</b> |
| <b>LIABILITIES</b>                            |                      |   |  |  |                             |                   |
| Accounts payable                              | \$ -                 | \$ -  | \$ 29                                      | \$ -   | \$ -                        | \$ 1,412          |
| Due to other funds                            | -                    | -   | 12,175                                     | 9,230  | -                           | 96,814            |
| Due to other governments:                     |                      |   |  |  |                             |                   |
| Local   | -                    | -   | -  | -  | -                           | 1,926             |
| State   | -                    | -   | -  | -  | -                           | 28                |
| Unearned revenue                              | -                    | -   | -  | 305  | -                           | 305               |
| <b>Total Liabilities</b>                      | <b>-</b>             | <b>-</b>                                      | <b>12,204</b>                              | <b>9,535</b>   | <b>-</b>                    | <b>100,485</b>    |
| <b>FUND BALANCE</b>                           |                      |   |  |  |                             |                   |
| Restricted                                    | -                    | -   | 1,097                                      | -  | -                           | 37,214            |
| <b>Total Fund Balance</b>                     | <b>-</b>             | <b>-</b>                                      | <b>1,097</b>                               | <b>-</b>   | <b>-</b>                    | <b>37,214</b>     |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <b>\$ -</b>          | <b>\$ -</b>                                   | <b>\$ 13,301</b>                           | <b>\$ 9,535</b>  | <b>\$ -</b>                 | <b>\$ 137,699</b> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Administrators<br>Academy | Regional Office<br>of Prevention<br>Effectiveness<br>Services (ROPES) | Truants<br>Alternative and<br>Optional<br>Education | ROE/ISC<br>Operations | State Free<br>Lunch and<br>Breakfast | National<br>School Lunch<br>Program |
|--|---------------------------|---|---|-----------------------|--------------------------------------|-------------------------------------|
| <b>REVENUES</b>                                      |                           |   |   |                       |                                      |                                     |
| Local sources  | \$ 10,000                 | \$ -  | \$ -  | \$ -                  | \$ -                                 | \$ -                                |
| State sources  | -                         | -   | 53,151  | 60,288                | 448                                  | -                                   |
| Federal sources                                      | -                         | 65,251  | -   | -                     | -                                    | 26,502                              |
| Total Revenues                                       | <u>10,000</u>             | <u>65,251</u>   | <u>53,151</u>                                       | <u>60,288</u>         | <u>448</u>                           | <u>26,502</u>                       |
| <b>EXPENDITURES</b>                                  |                           |   |   |                       |                                      |                                     |
| Salaries and benefits                                | 6,486                     | 47,971  | 46,020  | 32,005                | -                                    | -                                   |
| Pension expense                                      | 753                       | 3,607   | 4,169   | 1,975                 | -                                    | -                                   |
| Purchased services                                   | 2,762                     | 10,547  | 4,395   | 21,908                | -                                    | -                                   |
| Supplies and materials                               | -                         | 3,234   | 331   | 4,400                 | -                                    | -                                   |
| Other objects  | -                         | -   | -   | -                     | -                                    | -                                   |
| Payments to other governments                        | -                         | -   | -   | -                     | 448                                  | 26,502                              |
| Total Expenditures                                   | <u>10,001</u>             | <u>65,359</u>   | <u>54,915</u>                                       | <u>60,288</u>         | <u>448</u>                           | <u>26,502</u>                       |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>(1)</u>                | <u>(108)</u>  | <u>(1,764)</u>                                      | <u>-</u>              | <u>-</u>                             | <u>-</u>                            |
| <b>OTHER FINANCING SOURCES:</b>                      |                           |   |   |                       |                                      |                                     |
| Transfers in   | -                         | 108   | -   | -                     | -                                    | -                                   |
| Interest income                                      | 6                         | -   | 3   | -                     | -                                    | -                                   |
| Total Other Financing Sources                        | <u>6</u>                  | <u>108</u>  | <u>3</u>  | <u>-</u>              | <u>-</u>                             | <u>-</u>                            |
| NET CHANGE IN FUND BALANCE                           | 5                         | -   | (1,761)   | -                     | -                                    | -                                   |
| FUND BALANCE - BEGINNING                             | <u>-</u>                  | <u>-</u>  | <u>1,761</u>  | <u>-</u>              | <u>-</u>                             | <u>-</u>                            |
| FUND BALANCE - ENDING                                | <u>\$ 5</u>               | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>           | <u>\$ -</u>                          | <u>\$ -</u>                         |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | National<br>School Breakfast<br>Program | McKinney<br>Education for<br>Homeless<br>Children | Regional Safe<br>Schools | Child and<br>Family<br>Connections | Tracy<br>National Institute<br>for School<br>Leadership | Schools Against<br>Fearful<br>Environment<br>(SAFE) |
|--|---|---|--------------------------|------------------------------------|---|---|
| <b>REVENUES</b>  |   |   |                          |                                    |   |   |
| Local sources  | \$ -                                    | \$ -  | \$ -                     | \$ -                               | \$ 43,020   | \$ 40,655   |
| State sources  | -                                       | -   | 56,830                   | 291,164                            | -   | -   |
| Federal sources  | 11,372                                  | 10,534  | -                        | 114,839                            | -   | -   |
| Total Revenues   | <u>11,372</u>                           | <u>10,534</u>                                     | <u>56,830</u>            | <u>406,003</u>                     | <u>43,020</u>   | <u>40,655</u>                                       |
| <b>EXPENDITURES</b>  |   |   |                          |                                    |   |   |
| Salaries and benefits  | -                                       | 7,834   | 4,580                    | 295,769                            | 50  | -   |
| Pension expense  | -                                       | 721   | 420                      | 22,575                             | -   | -   |
| Purchased services   | -                                       | 1,350   | -                        | 62,897                             | 6,385   | -   |
| Supplies and materials                                       | -                                       | 629   | -                        | 2,949                              | 473   | -   |
| Other objects  | -                                       | -   | -                        | 21,813                             | -   | -   |
| Payments to other governments                                | 11,372                                  | -   | 51,830                   | -                                  | -   | 53,577  |
| Total Expenditures   | <u>11,372</u>                           | <u>10,534</u>                                     | <u>56,830</u>            | <u>406,003</u>                     | <u>6,908</u>  | <u>53,577</u>                                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>-</u>                                | <u>-</u>  | <u>-</u>                 | <u>-</u>                           | <u>36,112</u>   | <u>(12,922)</u>                                     |
| <b>OTHER FINANCING SOURCES:</b>                              |   |   |                          |                                    |   |   |
| Transfers in   | -                                       | -   | -                        | -                                  | -   | 10,164  |
| Interest income  | -                                       | -   | -                        | -                                  | -   | 579   |
| Total Other Financing Sources                                | <u>-</u>                                | <u>-</u>  | <u>-</u>                 | <u>-</u>                           | <u>-</u>  | <u>10,743</u>                                       |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>-</u>                                | <u>-</u>  | <u>-</u>                 | <u>-</u>                           | <u>36,112</u>   | <u>(2,179)</u>                                      |
| <b>FUND BALANCE - BEGINNING</b>                              | <u>-</u>                                | <u>-</u>  | <u>-</u>                 | <u>-</u>                           | <u>-</u>  | <u>2,179</u>  |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ -</u>                             | <u>\$ -</u>                                       | <u>\$ -</u>              | <u>\$ -</u>                        | <u>\$ 36,112</u>  | <u>\$ -</u>   |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | System of<br>Support | Title II -<br>Teacher Quality -<br>Leadership | Early Childhood<br>Education<br>Initiative | Title I - School<br>Improvement<br>and<br>Accountability | Reading: A<br>Healthy Start | Totals           |
|--|----------------------|---|--|--|-----------------------------|------------------|
| <b>REVENUES</b>  |                      |   |  |  |                             |                  |
| Local sources  | \$ -                 | \$ -  | \$ 26,077                                  | \$ -   | \$ 2,000                    | \$ 121,752       |
| State sources  | -                    | -   | -  | -  | -                           | 461,881          |
| Federal sources  | -                    | 1,539   | -  | 24,374   | -                           | 254,411          |
| Total Revenues   | <u>-</u>             | <u>1,539</u>                                  | <u>26,077</u>                              | <u>24,374</u>  | <u>2,000</u>                | <u>838,044</u>   |
| <b>EXPENDITURES</b>  |                      |   |  |  |                             |                  |
| Salaries and benefits  | 46                   | 139   | 13,065                                     | 9,892  | -                           | 463,857          |
| Pension expense  | -                    | -   | 1,635                                      | -  | -                           | 35,855           |
| Purchased services   | 7,752                | 1,400   | 1,103                                      | 14,482   | 2,003                       | 136,984          |
| Supplies and materials                                       | -                    | -   | 14,247                                     | -  | -                           | 26,263           |
| Other objects  | -                    | -   | -  | -  | -                           | 21,813           |
| Payments to other governments                                | -                    | -   | -  | -  | -                           | 143,729          |
| Total Expenditures   | <u>7,798</u>         | <u>1,539</u>                                  | <u>30,050</u>                              | <u>24,374</u>  | <u>2,003</u>                | <u>828,501</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(7,798)</u>       | <u>-</u>                                      | <u>(3,973)</u>                             | <u>-</u>   | <u>(3)</u>                  | <u>9,543</u>     |
| <b>OTHER FINANCING SOURCES:</b>                              |                      |   |  |  |                             |                  |
| Transfers in   | 228                  | -   | -  | -  | -                           | 10,500           |
| Interest income  | 12                   | -   | 18   | -  | 3                           | 621              |
| Total Other Financing Sources                                | <u>240</u>           | <u>-</u>                                      | <u>18</u>                                  | <u>-</u>   | <u>3</u>                    | <u>11,121</u>    |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>(7,558)</u>       | <u>-</u>                                      | <u>(3,955)</u>                             | <u>-</u>   | <u>-</u>                    | <u>20,664</u>    |
| <b>FUND BALANCE - BEGINNING</b>                              | <u>7,558</u>         | <u>-</u>                                      | <u>5,052</u>                               | <u>-</u>   | <u>-</u>                    | <u>16,550</u>    |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ -</u>          | <u>\$ -</u>                                   | <u>\$ 1,097</u>                            | <u>\$ -</u>  | <u>\$ -</u>                 | <u>\$ 37,214</u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL OFFICE OF PREVENTION EFFECTIVENESS SERVICES (ROPES)  
FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> |
|---|-------------------------|--------------------|---------------------------|
|   | <u>Original</u>         | <u>Final</u>       |                           |
| <b>REVENUE</b>                                  |                         |                    |                           |
| Federal sources                                 | \$ 70,000               | \$ 70,000          | \$ 65,251                 |
| Total Revenue                                   | <u>70,000</u>           | <u>70,000</u>      | <u>65,251</u>             |
| <b>EXPENDITURES</b>                             |                         |                    |                           |
| Salaries and benefits                           | 54,650                  | 54,650             | 47,971                    |
| Pension expense                                 | -                       | -                  | 3,607                     |
| Purchased services                              | 13,150                  | 13,150             | 10,547                    |
| Supplies and materials                          | 2,200                   | 2,200              | 3,234                     |
| Total Expenditures                              | <u>70,000</u>           | <u>70,000</u>      | <u>65,359</u>             |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b> |                         |                    |                           |
|   | <u>-</u>                | <u>-</u>           | <u>(108)</u>              |
| <b>OTHER FINANCING SOURCES:</b>                 |                         |                    |                           |
| Transfer in                                     | -                       | -                  | 108                       |
| Total Other Financing Sources                   | <u>-</u>                | <u>-</u>           | <u>108</u>                |
| <b>NET CHANGE IN FUND BALANCE</b>               |                         |                    |                           |
|   | -                       | -                  | -                         |
| <b>FUND BALANCE - BEGINNING</b>                 |                         |                    |                           |
|   | <u>-</u>                | <u>-</u>           | <u>-</u>                  |
| <b>FUND BALANCE - ENDING</b>                    |                         |                    |                           |
|   | <u><u>\$ -</u></u>      | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>        |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2015

|   | Budgeted Amounts   |                    | Actual<br>Amounts  |
|---|--------------------|--------------------|--------------------|
|   | Original           | Final              |                    |
| <b>REVENUE</b>                                  |                    |                    |                    |
| State sources                                   | \$ 54,374          | \$ 53,151          | \$ 53,151          |
| Total Revenue                                   | <u>54,374</u>      | <u>53,151</u>      | <u>53,151</u>      |
| <b>EXPENDITURES</b>                             |                    |                    |                    |
| Salaries and benefits                           | 46,590             | 45,790             | 46,020             |
| Pension expense                                 | -                  | -                  | 4,169              |
| Purchased services                              | 7,284              | 6,861              | 4,395              |
| Supplies and materials                          | 500                | 500                | 331                |
| Total Expenditures                              | <u>54,374</u>      | <u>53,151</u>      | <u>54,915</u>      |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b> |                    |                    |                    |
|   | <u>-</u>           | <u>-</u>           | <u>(1,764)</u>     |
| <b>OTHER FINANCING SOURCES:</b>                 |                    |                    |                    |
| Interest  | -                  | -                  | 3                  |
| Total Other Financing Sources                   | <u>-</u>           | <u>-</u>           | <u>3</u>           |
| <b>NET CHANGE IN FUND BALANCE</b>               |                    |                    |                    |
|   | -                  | -                  | (1,761)            |
| <b>FUND BALANCE - BEGINNING</b>                 |                    |                    |                    |
|   | <u>-</u>           | <u>-</u>           | <u>1,761</u>       |
| <b>FUND BALANCE - ENDING</b>                    |                    |                    |                    |
|   | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | Budgeted Amounts       |                        | Actual<br>Amounts      |
|--------------------------------|------------------------|------------------------|------------------------|
|                                | Original               | Final                  |                        |
| <b>REVENUE</b>                 |                        |                        |                        |
| State sources                  | \$ 60,288              | \$ 60,288              | \$ 60,288              |
| Total Revenue                  | <u>60,288</u>          | <u>60,288</u>          | <u>60,288</u>          |
| <b>EXPENDITURES</b>            |                        |                        |                        |
| Salaries and benefits          | 35,200                 | 35,200                 | 32,005                 |
| Pension expense                | -                      | -                      | 1,975                  |
| Purchased services             | 22,588                 | 22,588                 | 21,908                 |
| Supplies and materials         | 2,500                  | 2,500                  | 4,400                  |
| Total Expenditures             | <u>60,288</u>          | <u>60,288</u>          | <u>60,288</u>          |
| <br>NET CHANGE IN FUND BALANCE | <br>-                  | <br>-                  | <br>-                  |
| <br>FUND BALANCE - BEGINNING   | <br><u>-</u>           | <br><u>-</u>           | <br><u>-</u>           |
| <br>FUND BALANCE - ENDING      | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> |



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
McKINNEY EDUCATION FOR HOMELESS CHILDREN  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | <u>Budgeted Amounts</u> |                        | <u>Actual<br/>Amounts</u> |
|--------------------------------|-------------------------|------------------------|---------------------------|
|                                | <u>Original</u>         | <u>Final</u>           |                           |
| <b>REVENUE</b>                 |                         |                        |                           |
| Federal sources                | \$ 9,670                | \$ 9,670               | \$ 10,534                 |
| Total Revenue                  | <u>9,670</u>            | <u>9,670</u>           | <u>10,534</u>             |
| <b>EXPENDITURES</b>            |                         |                        |                           |
| Salaries and benefits          | 7,565                   | 7,565                  | 7,834                     |
| Pension expense                | -                       | -                      | 721                       |
| Purchased services             | 1,935                   | 1,935                  | 1,350                     |
| Supplies and materials         | 170                     | 170                    | 629                       |
| Total Expenditures             | <u>9,670</u>            | <u>9,670</u>           | <u>10,534</u>             |
| <br>NET CHANGE IN FUND BALANCE | <br>-                   | <br>-                  | <br>-                     |
| <br>FUND BALANCE - BEGINNING   | <br><u>-</u>            | <br><u>-</u>           | <br><u>-</u>              |
| <br>FUND BALANCE - ENDING      | <br><u><u>\$ -</u></u>  | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u>    |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | <u>Budgeted Amounts</u> |                        | <u>Actual</u>          |
|--------------------------------|-------------------------|------------------------|------------------------|
|                                | <u>Original</u>         | <u>Final</u>           | <u>Amounts</u>         |
| <b>REVENUE</b>                 |                         |                        |                        |
| State sources                  | \$ 56,830               | \$ 56,830              | \$ 56,830              |
| Total Revenue                  | <u>56,830</u>           | <u>56,830</u>          | <u>56,830</u>          |
| <b>EXPENDITURES</b>            |                         |                        |                        |
| Salaries and benefits          | 5,000                   | 5,000                  | 4,580                  |
| Pension expense                | -                       | -                      | 420                    |
| Payments to other governments  | <u>51,830</u>           | <u>51,830</u>          | <u>51,830</u>          |
| Total Expenditures             | <u>56,830</u>           | <u>56,830</u>          | <u>56,830</u>          |
| <br>NET CHANGE IN FUND BALANCE | <br>-                   | <br>-                  | <br>-                  |
| <br>FUND BALANCE - BEGINNING   | <br><u>-</u>            | <br><u>-</u>           | <br><u>-</u>           |
| <br>FUND BALANCE - ENDING      | <br><u><u>\$ -</u></u>  | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
CHILD AND FAMILY CONNECTIONS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | <u>Budgeted Amounts</u> |                        | <u>Actual<br/>Amounts</u> |
|--------------------------------|-------------------------|------------------------|---------------------------|
|                                | <u>Original</u>         | <u>Final</u>           |                           |
| <b>REVENUE</b>                 |                         |                        |                           |
| State sources                  | \$ 443,132              | \$ 406,003             | \$ 291,164                |
| Federal sources                | -                       | -                      | 114,839                   |
| Total Revenue                  | <u>443,132</u>          | <u>406,003</u>         | <u>406,003</u>            |
| <b>EXPENDITURES</b>            |                         |                        |                           |
| Salaries and benefits          | 337,132                 | 316,132                | 295,769                   |
| Pension expense                | -                       | -                      | 22,575                    |
| Purchased services             | 70,200                  | 62,200                 | 62,897                    |
| Supplies and materials         | 9,000                   | 1,871                  | 2,949                     |
| Other objects                  | 21,800                  | 20,800                 | 21,813                    |
| Capital outlay                 | <u>5,000</u>            | <u>5,000</u>           | <u>-</u>                  |
| Total Expenditures             | <u>443,132</u>          | <u>406,003</u>         | <u>406,003</u>            |
| <br>NET CHANGE IN FUND BALANCE | <br>-                   | <br>-                  | <br>-                     |
| <br>FUND BALANCE - BEGINNING   | <br><u>-</u>            | <br><u>-</u>           | <br><u>-</u>              |
| <br>FUND BALANCE - ENDING      | <br><u><u>\$ -</u></u>  | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u>    |

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNT  
 TITLE II - TEACHER QUALITY - LEADERSHIP  
 FOR THE YEAR ENDED JUNE 30, 2015

|                            | Budgeted Amounts |              | Actual<br>Amounts |
|----------------------------|------------------|--------------|-------------------|
|                            | Original         | Final        |                   |
| REVENUE                    |                  |              |                   |
| Federal sources            | \$ 2,778         | \$ 2,778     | \$ 1,539          |
| Total Revenue              | <u>2,778</u>     | <u>2,778</u> | <u>1,539</u>      |
| EXPENDITURES               |                  |              |                   |
| Salaries and benefits      | 139              | 139          | 139               |
| Purchased services         | 2,639            | 2,639        | 1,400             |
| Total Expenditures         | <u>2,778</u>     | <u>2,778</u> | <u>1,539</u>      |
| NET CHANGE IN FUND BALANCE | -                | -            | -                 |
| FUND BALANCE - BEGINNING   | <u>-</u>         | <u>-</u>     | <u>-</u>          |
| FUND BALANCE - ENDING      | <u>\$ -</u>      | <u>\$ -</u>  | <u>\$ -</u>       |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNT  
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | Budgeted Amounts       |                        | Actual<br>Amounts      |
|--------------------------------|------------------------|------------------------|------------------------|
|                                | Original               | Final                  |                        |
| <b>REVENUE</b>                 |                        |                        |                        |
| Federal sources                | \$ 29,340              | \$ 49,340              | \$ 24,374              |
| Total Revenue                  | <u>29,340</u>          | <u>49,340</u>          | <u>24,374</u>          |
| <b>EXPENDITURES</b>            |                        |                        |                        |
| Salaries and benefits          | 18,000                 | 20,700                 | 9,892                  |
| Purchased services             | 10,606                 | 26,840                 | 14,482                 |
| Supplies and materials         | 734                    | 1,800                  | -                      |
| Total Expenditures             | <u>29,340</u>          | <u>49,340</u>          | <u>24,374</u>          |
| <br>NET CHANGE IN FUND BALANCE | <br>-                  | <br>-                  | <br>-                  |
| <br>FUND BALANCE - BEGINNING   | <br><u>-</u>           | <br><u>-</u>           | <br><u>-</u>           |
| <br>FUND BALANCE - ENDING      | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> | <br><u><u>\$ -</u></u> |

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

|                                       | <u>General Education<br/>Development</u> | <u>Tracy Foundation<br/>General Education<br/>Development</u> | <u>Bus Driver<br/>Training</u> | <u>Institute</u> | <u>Totals</u>     |
|---------------------------------------|--|---|--------------------------------|------------------|-------------------|
| ASSETS                                |  |   |                                |                  |                   |
| Cash and cash equivalents             | \$ 17,797                                | \$ 8,658  | \$ 20,573                      | \$ 61,467        | \$ 108,495        |
| TOTAL ASSETS                          | <u>\$ 17,797</u>                         | <u>\$ 8,658</u>   | <u>\$ 20,573</u>               | <u>\$ 61,467</u> | <u>\$ 108,495</u> |
| FUND BALANCE                          |  |   |                                |                  |                   |
| Restricted                            | \$ 17,797                                | \$ 8,658  | \$ 20,573                      | \$ 61,467        | \$ 108,495        |
| TOTAL LIABILITIES AND<br>FUND BALANCE | <u>\$ 17,797</u>                         | <u>\$ 8,658</u>   | <u>\$ 20,573</u>               | <u>\$ 61,467</u> | <u>\$ 108,495</u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | General Education<br>Development | Tracy Foundation<br>General Education<br>Development | Bus Driver<br>Training | Institute        | Totals            |
|--|----------------------------------|--|------------------------|------------------|-------------------|
| <b>REVENUES</b>  |                                  |  |                        |                  |                   |
| Local sources  | \$ 2,151                         | \$ -   | \$ 2,258               | \$ 31,211        | \$ 35,620         |
| State sources  | -                                | -  | 852                    | -                | 852               |
| Total Revenues   | <u>2,151</u>                     | <u>-</u>   | <u>3,110</u>           | <u>31,211</u>    | <u>36,472</u>     |
| <b>EXPENDITURES</b>  |                                  |  |                        |                  |                   |
| Salaries and benefits  | -                                | -  | -                      | 15,347           | 15,347            |
| Pension expense  | -                                | -  | -                      | 1,360            | 1,360             |
| Purchased services   | 664                              | -  | 1,880                  | 820              | 3,364             |
| Supplies and materials                                       | 406                              | -  | -                      | 607              | 1,013             |
| Capital outlay   | 512                              | -  | -                      | 560              | 1,072             |
| Other objects  | -                                | 810  | 496                    | 5,285            | 6,591             |
| Total Expenditures   | <u>1,582</u>                     | <u>810</u>   | <u>2,376</u>           | <u>23,979</u>    | <u>28,747</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>569</u>                       | <u>(810)</u>   | <u>734</u>             | <u>7,232</u>     | <u>7,725</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                  |  |                        |                  |                   |
| Transfers out  | -                                | (500)  | -                      | -                | (500)             |
| Interest income  | 60                               | 47   | 95                     | 208              | 410               |
| Total Other Financing Sources (Uses)                         | <u>60</u>                        | <u>(453)</u>   | <u>95</u>              | <u>208</u>       | <u>(90)</u>       |
| <b>NET CHANGE IN FUND BALANCE</b>                            | 629                              | (1,263)  | 829                    | 7,440            | 7,635             |
| <b>FUND BALANCE - BEGINNING,<br/>Restated (See Note 12)</b>  | <u>17,168</u>                    | <u>9,921</u>   | <u>19,744</u>          | <u>54,027</u>    | <u>100,860</u>    |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ 17,797</u>                 | <u>\$ 8,658</u>                                      | <u>\$ 20,573</u>       | <u>\$ 61,467</u> | <u>\$ 108,495</u> |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUND  
JUNE 30, 2015

|                                    | Business-Type Activities -<br>Enterprise Fund |                 |
|------------------------------------|---|-----------------|
|                                    | Testing Center                                | Total           |
| <b>ASSETS</b>                      |   |                 |
| Current assets:                    |   |                 |
| Cash and cash equivalents          | \$ 5,546                                      | \$ 5,546        |
| Due from other governments - Local | 475   | 475             |
| <b>TOTAL ASSETS</b>                | <b>\$ 6,021</b>                               | <b>\$ 6,021</b> |
| <br><b>NET POSITION</b>            |   |                 |
| Unrestricted                       | \$ 6,021                                      | \$ 6,021        |
| <b>TOTAL NET POSITION</b>          | <b>\$ 6,021</b>                               | <b>\$ 6,021</b> |



ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2015

|                                | Business-Type Activities -<br>Enterprise Fund |          |
|--------------------------------|---|----------|
|                                | Testing Center                                | Total    |
| OPERATING REVENUES             |   |          |
| Charges for services           | \$ 5,995                                      | \$ 5,995 |
| Total Operating Revenues       | 5,995   | 5,995    |
| OPERATING INCOME (LOSS)        | 5,995   | 5,995    |
| NONOPERATING REVENUE           |   |          |
| Interest income                | 26  | 26       |
| Total Nonoperating Revenue     | 26  | 26       |
| CHANGE IN NET POSITION         | 6,021   | 6,021    |
| TOTAL NET POSITION - BEGINNING | -   | -        |
| TOTAL NET POSITION - ENDING    | \$ 6,021                                      | \$ 6,021 |

ADAMS/PIKE COUNTIES  
REGIONAL OFFICE OF EDUCATION #1  
STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Business-Type Activities<br>Enterprise Fund |          |
|--|---|----------|
|  | Testing Center                              | Total    |
| Cash Flows from Operating Activities:  |   |          |
| Receipts from customers  | \$ 5,520                                    | \$ 5,520 |
| Net cash provided by operating activities  | 5,520                                       | 5,520    |
| Cash Flows from Investing Activities:  |   |          |
| Interest income  | 26  | 26       |
| Net Cash Provided by Investing Activities  | 26  | 26       |
| Net increase in cash and cash equivalents  | 5,546                                       | 5,546    |
| Cash and cash equivalents - Beginning  | -   | -        |
| Cash and cash equivalents - Ending   | \$ 5,546                                    | \$ 5,546 |
| Reconciliation of operating income to net cash<br>provided by operating activities:        |   |          |
| Operating income   | \$ 5,995                                    | \$ 5,995 |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities: |   |          |
| Increase in assets:  |   |          |
| Due from other governments   | (475)                                       | (475)    |
| Net cash provided by operating activities  | \$ 5,520                                    | \$ 5,520 |

ADAMS/PIKE COUNTIES  
 REGIONAL OFFICE OF EDUCATION #1  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

|                                    | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|------------------------------------|---------------------------------------|---------------------|-------------------|--|
| <u>PIKE COUNTY SCHOOL FACILITY</u> |                                       |                     |                   |  |
| <u>OCCUPATION TAX</u>              |                                       |                     |                   |  |
| ASSETS                             |                                       |                     |                   |  |
| Cash and cash equivalents          | \$ -                                  | \$ 709,456          | \$ 709,441        | \$ 15                                  |
| Due from other governments         | -                                     | 441,842             | -                 | 441,842                                |
| Total Assets                       | <u>\$ -</u>                           | <u>\$ 1,151,298</u> | <u>\$ 709,441</u> | <u>\$ 441,857</u>                      |
| LIABILITIES                        |                                       |                     |                   |  |
| Due to other governments           | \$ -                                  | \$ 1,151,298        | \$ 709,441        | \$ 441,857                             |
| Total Liabilities                  | <u>\$ -</u>                           | <u>\$ 1,151,298</u> | <u>\$ 709,441</u> | <u>\$ 441,857</u>                      |