

State of Illinois
BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
FINANCIAL AUDIT
For the Year Ended June 30, 2015

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

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**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

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**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

OFFICIALS

Regional Superintendent
(During the Audit Period)

Honorable Jeff Stephens

Assistant Regional Superintendent
(During the Audit Period July 1, 2014 to November 15, 2014)

Mr. Stephen Breese

Assistant Regional Superintendent
(During the Audit Period from November 16, 2014 to February 14, 2015)

Mr. Robert Van Wilson

Assistant Regional Superintendent
(During the Audit Period February 15, 2015 to June 30, 2015)

Mr. Merle Kenady

Office is located at:

110 North West Street
Jacksonville, Illinois 62650

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2015-001	10	Controls Over Financial Statement Preparation	Material Weakness
2015-002	12	Uncollateralized Deposits	Significant Deficiency
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2014-001	16	Controls Over Billing Process	Material Weakness

EXIT CONFERENCE

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2015. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unmodified opinion on the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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, each major fund, and the aggregate remaining fund information of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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, each major fund, and the aggregate remaining fund information of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 15, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has disbanded effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability, and Teachers' Retirement System of the State of Illinois - Schedule of Employer Contributions on pages 55 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 24, 2016 on our consideration of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 24, 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 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, each major fund, and the aggregate remaining fund information of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's basic financial statements, and have issued our report thereon dated June 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's internal control. Accordingly, we do not express an opinion on the effectiveness of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Regional Office of Education No. 46's Responses to Findings

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
June 24, 2016

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
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 weakness(es) identified? x yes no
- Significant deficiency(ies) identified? x yes none reported

Noncompliance material to
financial statements noted? yes x no

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 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 of Education No. 46's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

The Regional Office of Education No. 46 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 46 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 and correct financial statement misstatements and disclosure omissions in a timely manner.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation (Continued)

Condition (Continued):

During review of the Regional Office of Education No. 46's financial information prepared by the Regional Office of Education No. 46, it was noted that the Regional Office of Education No. 46 did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office of Education No. 46 did maintain records to indicate the balances of financial statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate.

Effect:

The Regional Office of Education No. 46's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Management did not effectively detect all of the material adjustments, including those required under GASB Statements No. 34, No. 68 and No. 71, needed in order to present financial statements in accordance with GAAP.

Auditors' Recommendation:

Since the Regional Office of Education No. 46 has been dissolved and its counties merged into the Adams/Pike Counties Regional Office of Education No. 1, Regional Office of Education No. 1 should implement comprehensive preparation procedures to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual 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:

Due to the budgetary constraints from the State, funding was not available for the Regional Office of Education No. 46 to have a full time CPA on staff. Outside assistance was sought to assist with this procedure.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section II: Financial Statement Findings:

FINDING NO. 2015-002 - Uncollateralized Deposits

Criteria/Specific Requirement:

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is required to follow the Illinois Public Funds Investment Act (30 ILCS 235/1 et. seq.) (Act). The Act gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education No. 46's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the Regional Office of Education No. 46 be adequately covered by depository insurance or collateral.

Condition:

The Regional Office of Education No. 46 did not obtain sufficient collateral for its deposits at one of the financial institutions utilized by the Regional Office of Education No. 46. As of June 30, 2015, the Regional Office of Education No. 46's deposits exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) by \$90,023.

Effect:

Failure to secure full collateral on cash and investment balances may result in monetary losses to the Regional Office of Education No. 46 in the event the financial institution failed.

Cause:

Collateralization of deposits in excess of FDIC insurance was overlooked by the Regional Office of Education No. 46 due to the balance of the account being significantly under the FDIC insurance limit on a regular basis in the past.

Auditors' Recommendation:

Since the Regional Office of Education No. 46 has been dissolved and its counties merged into the Adams/Pike Counties Regional Office of Education No. 1, Regional Office of Education No. 1 should obtain pledged collateral for all of its deposits exceeding FDIC insurance coverage from the financial institutions utilized by the Regional Office of Education No. 1.

Management's Response:

Since ROE 46 is no longer in existence, the newly formed ROE 1 will have the adequate and necessary procedures in place as we move forward.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Section III: Federal Award Findings:

Not Applicable

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2015**

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education No. 46 does not have sufficient internal controls over the financial reporting process. While the Regional Office of Education No. 46 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 and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education No. 46's financial information prepared by the Regional Office of Education No. 46, it was noted that the Regional Office of Education No. 46 did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office of Education No. 46 did maintain records to indicate the balances of financial statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate.

Plan:

Since ROE 46 is no longer in existence, the newly formed ROE 1 will have the adequate and necessary procedures in place as we move forward.

Anticipated Completion Date:

Immediate

Contact Person Responsible for Corrective Action:

Jeff Stephens, Regional Office of Education No. 1 Assistant Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2015**

FINDING NO. 2015-002 - Uncollateralized Deposits

Condition:

The Regional Office of Education No. 46 did not obtain sufficient collateral for its deposits at one of the financial institutions utilized by the Regional Office of Education No. 46. As of June 30, 2015, the Regional Office of Education No. 46's deposits exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC) by \$90,023.

Plan:

Since ROE 46 is no longer in existence, the newly formed ROE 1 will have the adequate and necessary procedures in place as we move forward.

Anticipated Completion Date:

Immediate

Contact Person Responsible for Corrective Action:

Jeff Stephens, Regional Office of Education No. 1 Assistant Regional Superintendent

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2015**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Controls Over Billing Process	Resolved

BASIC FINANCIAL STATEMENTS

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government
	Governmental
	<u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 317,172
Accounts receivable	723
Due from other governments	11,324
Total current assets	329,219
Non-current assets:	
Capital assets, being depreciated, net	2,962
Total assets	332,181
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	64,281
LIABILITIES	
Current liabilities:	
Accounts payable	2,034
Due to other governments	6,984
Total current liabilities	9,018
Non-current liabilities:	
Net pension liability	135,847
Total liabilities	144,865
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	94,236
NET POSITION	
Net investment in capital assets	2,962
Unrestricted	92,016
Restricted for educational purposes	62,383
Total net position	\$ 157,361

The accompanying notes are an integral part of the financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	and Changes in Net Position
				Primary Government
				Governmental
				Activities
Primary government:				
Governmental activities:				
Education:				
Salaries	\$ 480,146	\$ 13,509	\$ 221,137	\$ (245,500)
Benefits	90,615	4,206	34,600	(51,809)
Pension expense	44,703	2,167	9,026	(33,510)
Purchased services	104,000	5,098	33,095	(65,807)
Supplies and materials	37,740	-	3,009	(34,731)
Miscellaneous	15,422	510	-	(14,912)
Depreciation	3,830	-	-	(3,830)
Administrative:				
On-behalf payments	318,209	-	-	(318,209)
Total primary government	<u>\$ 1,094,665</u>	<u>\$ 25,490</u>	<u>\$ 300,867</u>	<u>(768,308)</u>
General revenue:				
Local sources				231,246
State sources				347,469
On-behalf payments				318,209
Total general revenue				<u>896,924</u>
CHANGE IN NET POSITION				128,616
NET POSITION, BEGINNING OF YEAR, AS RESTATED (See Note 14)				<u>28,745</u>
NET POSITION, END OF YEAR				<u>\$ 157,361</u>

The accompanying notes are an integral part of the financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Alternative Schools Fund</u>	<u>Institute Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 253,036	\$ 986	\$ -	\$ 49,635	\$ 13,515	\$ 317,172
Accounts receivable	218	291	-	-	214	723
Due from other governments	-	11,215	109	-	-	11,324
Due from other funds	<u>13,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,107</u>
Total assets	266,361	12,492	109	49,635	13,729	342,326
DEFERRED OUTFLOWS OF RESOURCES						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 266,361</u>	<u>\$ 12,492</u>	<u>\$ 109</u>	<u>\$ 49,635</u>	<u>\$ 13,729</u>	<u>\$ 342,326</u>
LIABILITIES						
Accounts payable	\$ 2,034	\$ -	\$ -	\$ -	\$ -	\$ 2,034
Due to other governments	6,509	475	-	-	-	6,984
Due to other funds	<u>-</u>	<u>12,998</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>13,107</u>
Total liabilities	8,543	13,473	109	-	-	22,125
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>-</u>	<u>4,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,452</u>
FUND BALANCE (DEFICIT)						
Restricted	-	1,277	-	49,635	13,729	64,641
Assigned	6,437	-	-	-	-	6,437
Unassigned	<u>251,381</u>	<u>(6,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,671</u>
Total fund balance (deficit)	257,818	(5,433)	-	49,635	13,729	315,749
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 266,361</u>	<u>\$ 12,492</u>	<u>\$ 109</u>	<u>\$ 49,635</u>	<u>\$ 13,729</u>	<u>\$ 342,326</u>

The accompanying notes are an integral part of the financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balance of governmental funds (page 20)	\$	315,749
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.		<u>2,962</u>
Some revenues will not be collected for several months after the Regional Office's fiscal year ends, therefore are not considered "available" revenues and are deferred inflows of resources in the governmental funds.		<u>4,452</u>
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		64,281
Deferred inflows of resources		<u>(94,236)</u>
		<u>(29,955)</u>
Non-current liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Net pension liability		<u>(135,847)</u>
Net position of governmental activities (page 18)	\$	<u>157,361</u>

The accompanying notes are an integral part of the financial statements.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General Fund</u>	<u>Education Fund</u>	<u>Alternative Schools Fund</u>	<u>Institute Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Local sources	\$ 261,526	\$ 40	\$ 18	\$ 21,520	\$ 3,970	\$ 287,074
State sources	347,469	230,713	540	-	632	579,354
Federal sources	-	25,815	38,981	-	-	64,796
On-behalf payments	<u>225,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,622</u>
Total revenues	<u>834,617</u>	<u>256,568</u>	<u>39,539</u>	<u>21,520</u>	<u>4,602</u>	<u>1,156,846</u>
EXPENDITURES:						
Education:						
Salaries	282,554	191,973	-	5,619	-	480,146
Benefits	62,250	29,277	-	1,740	-	93,267
Pension expense	33,666	7,652	-	901	-	42,219
Purchased services	72,332	29,573	-	241	1,854	104,000
Supplies and materials	34,613	3,127	-	-	-	37,740
Miscellaneous	15,197	-	-	225	-	15,422
On-behalf payments	<u>225,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,622</u>
Total expenditures	<u>726,234</u>	<u>261,602</u>	<u>-</u>	<u>8,726</u>	<u>1,854</u>	<u>998,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>108,383</u>	<u>(5,034)</u>	<u>39,539</u>	<u>12,794</u>	<u>2,748</u>	<u>158,430</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	140,766	479	-	-	-	141,245
Transfers out	<u>(100,828)</u>	<u>(878)</u>	<u>(39,539)</u>	<u>-</u>	<u>-</u>	<u>(141,245)</u>
Total other financing sources (uses)	<u>39,938</u>	<u>(399)</u>	<u>(39,539)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	148,321	(5,433)	-	12,794	2,748	158,430
FUND BALANCE, BEGINNING OF YEAR	<u>109,497</u>	<u>-</u>	<u>-</u>	<u>36,841</u>	<u>10,981</u>	<u>157,319</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 257,818</u>	<u>\$ (5,433)</u>	<u>\$ -</u>	<u>\$ 49,635</u>	<u>\$ 13,729</u>	<u>\$ 315,749</u>

The accompanying notes are an integral part of the financial statements.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

Net change in fund balance (page 22) \$ 158,430

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.

Depreciation expense (3,830)

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

Fiscal year 2014 unavailable revenue recognized
in fiscal year 2015 (30,604)
Fiscal year 2015 unavailable revenue 4,452
(26,152)

The current year pension contributions are reported as
expenditures in the governmental funds, but are reported
as deferred outflows of resources in the Statement of
Net Position.

20,669

Some expenses in the Statement of Activities do
not require the use of current financial resources,
and therefore, are not reported as expenditures
in the governmental funds. These activities
consist of:

Compensated absences 2,652
Pension expense (23,153)
(20,501)

Change in net position of governmental activities (page 19) **\$ 128,616**

The accompanying notes are an integral part of the financial statements.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Agency Fund
ASSETS	
Cash	\$ 332
Due from other governments	120,055
TOTAL ASSETS	\$ 120,387
LIABILITIES	
Due to other governments	\$ 120,387

The accompanying notes are an integral part of the financial statements.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is an entity that is a result of two Educational Service Regions becoming a Regional Office of Education as of August 7, 1995. The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education No. 46 encompasses the Brown, Cass, Morgan and Scott Counties, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the Regional Office of Education No. 46 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

The functions of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 include, but are not limited to the following:

- processing teachers' certificates;
- teaching initial and refresher classes for school bus drivers within the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46;
- reviewing life/safety requirements for schools in conjunction with the State of Illinois;
- issuing newsletters regarding new Illinois life/safety requirements; and
- monitoring compliance with State laws and Department of Education policies and procedures.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to: providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health, and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has no distributive fund since the State of Illinois maintains responsibility for the function of distributing State and federal aid to individual school districts.

The financial statements of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial reporting purposes, the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has included all funds, organizations, agencies, boards, commissions and authorities. The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 are such that exclusion would cause the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has no component units that meet the Governmental Accounting Standards Board criteria and is not a component unit of any other entity.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Position presents Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund - the General Fund is the operating fund of the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds comprise the General Fund:

County Support - to account for local revenues and disbursements related to County support.

Spelling Bee Fund - to account for local area business donations that provide funding related to operating spelling bee events.

Media Center - to account for library and video materials available to all the districts in the Region.

Identix Fingerprinting Fund - to account for a fee assessed to Districts and the expenses associated with providing background check/fingerprinting services.

Star Online - agreement between Western Illinois University and Regional Office of Education No. 46 to help area teachers sign up and receive online professional development at a reduced rate.

ROE School Improvement Fund - to account for costs associated with improving school programs and policies for the districts within the Region.

Dental Sealant Fund - to account for the costs associated with providing the dental sealant program to Morgan and Scott County schools.

Registration Fees Fund - to account for local revenues and disbursements related to the alternative school programs.

Truants Alternative/Optional Education - State Aid Fund - to account for General State Aid revenues and disbursements associated with the Truants Alternative/Optional Education Program (TAOEP).

Alternative Resource Center (ARC) - State Aid Fund - to account for General State Aid revenues and disbursements associated with the ARC Safe Schools Program.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Job Bank Fund - to account for a fee assessed to districts and the expenses associated with posting job openings on the State website.

Pearson Testing Fund - to account for facility testing fees for licensure, certification, academic admissions, regulatory, and government testing.

School Directory - to account for local revenues and disbursements related to the school directory.

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

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

Truants Alternative/Optional Education Fund - to account for a grant that provides truancy guidance and alternative education options for applicable students within the Region.

Regional Safe Schools Fund - to account for a grant that provides additional staff and materials for the alternative schools in the Region.

Title I - School Improvement and Accountability - RESPRO - to account for a grant that provides training for various school improvement approaches within the Region.

McKinney Education for Homeless Children Fund - to account for a grant that provides assistance for homeless children within school districts.

Title II - Teacher Quality - RESPRO - to account for a grant to provide Title II coaches to assist Title II schools with professional development.

Title II - Teacher Quality Fund - to account for a grant to provide professional development opportunities for teachers and administrators.

ROE/ISC Operations - to account for a grant that provides operating funds for the Region.

Illinois School for the Deaf - contracted arrangement with Illinois School for the Deaf (ISD) and Illinois Department of Human Services to provide payroll services for contracted ISD substitute teachers.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Illinois School for the Visually Impaired - contracted arrangement with Illinois School for the Visually Impaired (ISVI) and Illinois Department of Human Services to provide payroll services for contracted ISVI substitute teachers.

Title II - Teacher Quality Leadership Fund - to account for a grant to provide professional development opportunities for teachers and administrators.

Alternative Schools Fund - to account for the activities and programs of the alternative schools within the Region. The following funds comprise the Alternative Schools Fund:

State Lunch Fund - to account for state revenues and disbursements related to school lunches.

National School Lunch Fund - to account for federal revenues and disbursements related to school lunches.

School Breakfast Fund - to account for federal funds to help offer breakfast programs to the two alternative schools.

Institute Fund - to account for collections of license registration fees and a portion of renewal and duplicate fees which are used to defray expenses associated with the work of the regional professional development review committees, to hear appeals relating to the renewal of teaching licenses, to defray expenses connected with improving the technology necessary for the efficient processing of licenses; to defray all costs associated with the administration of teaching licenses; to defray expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel of the region, which has been approved by the Regional Superintendent. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - the following special revenue funds are non-major governmental funds:

Bus Driver Fund - to account for the testing and training of bus drivers for the districts within the Region.

General Education Development Fund - to account for administration of General Education Development testing for applicants within the Region.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private, or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

School Facility Occupation Tax - 1 percent sales tax collected in Cass County for school facility maintenance and improvements to be distributed to the following districts: A-C Central, Beardstown, Meredosia-Chambersburg, PORTA, Triopia, and Virginia.

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 provider have been met.

Governmental fund and fiduciary financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Revenues received more than 60 days after the end of the current period are deferred inflows of resources in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Capital asset acquisitions are reported as expenditures in governmental funds.

There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable 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. All other revenue items are considered to be measurable and available only when cash is received by the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46.

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the terms of grant agreements, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 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 Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. It is the Regional Office of Education No. 46's policy to first apply restricted funds, then unrestricted. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned if any.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measureable and become available.

Non-exchange transactions, in which the Regional Office receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements, in which the Regional Office must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the Regional Office on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

The following accounting policies are followed in preparing the balance sheet:

Cash and cash equivalents - Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 considers investments in the Illinois Money Market Fund and all investments in certificates of deposit with maturities within one year to be cash equivalents.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education and other local governments.

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

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.

Unearned revenue - Unearned revenue arises when proceeds have been received but will be spent in a succeeding fiscal year.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement System (IMRF) and Teachers' Retirement System of the State of Illinois (TRS) and additions to/deductions from IMRF's and TRS' fiduciary net position have been determined on the same basis as they are reported by IMRF and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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 in the governmental fund financial statements 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 receivables not collected within 60 days after year end. Deferred inflows of resources in the Statement of Net Position relate to pensions and consist of the unamortized portion of the net difference between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management 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. Actual results could differ from those estimates.

Governmental Fund Balance

Fund Balance is the net amount of assets, deferred outflows of resources, 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, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - the portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following fund balances are considered restricted by grant agreements or contracts: Truants Alternative/Optional Education Fund, Title I - School Improvement and Accountability - RESPRO and ROE/ISC Operations. The following fund balances are restricted by Illinois Statute: Institute Fund, Bus Driver Fund, and General Education Development Fund.

Committed Fund Balance - the portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned Fund Balance - the portion of a Governmental Fund's net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Media Center has an assigned fund balance.

Unassigned Fund Balance - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following fund balances are considered unassigned: County Support, Spelling Bee Fund, Indentix Fingerprinting Fund, Star Online, ROE School Improvement Fund, Dental Sealant Fund, Registration Fees Fund, Truants Alternative/Optional Education - State Aid Fund, Alternative Resource Center (ARC) - State Aid Fund, Job Bank Fund, Pearson Testing Fund, School Directory, Regional Safe Schools Fund, McKinney Education for Homeless Children Fund and Title II - Teacher Quality Leadership Fund.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position of the Regional Office of Education is classified as follows:

Net investment in Capital Assets - consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of borrowing that are attributable to the acquisition of those assets.

Restricted Net Position - consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets and deferred outflows of resources.

Unrestricted Net Position - the net amount of 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.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as supplementary information.

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 did not formally adopt a budget for the year ended June 30, 2015 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare budgetary comparison schedules for the following programs: Truants Alternative/Optional Education Fund, Regional Safe Schools Fund, McKinney Education for Homeless Children Fund, Title II - Teacher Quality Fund, ROE/ISC Operations and Title II - Teacher Quality Leadership Fund.

Subsequent Events

Management has evaluated subsequent events through June 24, 2016, the date the financial statements were available to be issued.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 - CASH AND CASH EQUIVALENTS

The deposit and investment of monies is governed by the provisions of the Illinois Compiled Statutes (30 ILCS-235/2 and 6 and 105 ILCS-5/8-7). At June 30, 2015, the carrying amount of deposits and investments was \$317,504 and the bank balance was \$435,899. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2015. Of the total bank balances as of June 30, 2015, \$329,485 was insured by Federal Depository Insurance Corporation, \$16,391 was invested in the Illinois Funds Money Market Fund, and \$90,023 was uninsured and uncollateralized.

Custodial credit risk - Custodial credit risk is the risk that in the event of a bank failure, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's deposits may not be returned. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 does not have a deposit policy for custodial credit risk.

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 had investments with carrying and fair values of \$16,391 invested in the Illinois Funds Money Market Fund.

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 provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

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

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

	<u>Carrying Amount</u>
Cash and cash equivalents - governmental funds	\$ 317,172
Cash - agency	<u>332</u>
Total	<u><u>\$ 317,504</u></u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3 - ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on-behalf of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46:

A breakdown of the on-behalf payments are as follows:

Regional Superintendent - salary	\$ 106,356
Regional Superintendent - benefits (includes state paid insurance)	20,320
Assistant Regional Superintendent - salary	95,724
Assistant Regional Superintendent - benefits (includes state paid insurance)	1,388
THIS on-behalf payments	<u>1,834</u>
Total on-behalf payments	<u><u>\$ 225,622</u></u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education (ISBE). Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 recorded the on-behalf payments as both revenues and expenditures in the general fund.

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 also recorded \$92,587 in revenues and expenses as on-behalf payments from ISBE for the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$ 225,622
Regional Office of Education No. 46's share of TRS pension expense	<u>92,587</u>
Total	<u><u>\$ 318,209</u></u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLANS

IMRF Plan Description

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLANS (CONTINUED)

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	16
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	9
Total	38

Contributions

As set by statute, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's annual contribution rate for calendar year 2014 was 17.93%. For the calendar year ended 2014, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 contributed \$45,080 to the plan. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 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

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46'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.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

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

<u>Asset Class</u>	<u>Portfolio Target Allocation</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).

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLANS (CONTINUED)

Single Discount Rate (continued)

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%.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2013	\$ 1,437,684	\$ 1,390,716	\$ 46,968
Changes for the year:			
Service cost	34,176	-	34,176
Interest on the total pension liability	106,802	-	106,802
Changes of benefit terms	-	-	-
Differences between expected and experience of the total pension liability	10,095	-	10,095
Changes of assumptions	65,513	-	65,513
Contributions - employer	-	45,080	(45,080)
Contributions - employees	-	12,011	(12,011)
Net investment income	-	96,965	(96,965)
Benefit payments, including refunds of employee contributions	(62,945)	(62,945)	-
Other (net transfer)	-	(1,280)	1,280
Net changes	<u>153,641</u>	<u>89,831</u>	<u>63,810</u>
Balances at December 31, 2014	<u>\$ 1,591,325</u>	<u>\$ 1,480,547</u>	<u>\$ 110,778</u>

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension (asset) liability	<u>\$ 310,550</u>	<u>\$ 110,778</u>	<u>\$ (52,652)</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 recognized pension expense of \$65,291. At June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,035	\$ -
Changes of assumptions	32,674	-
Net difference between projected and actual earnings on pension plan investments	5,890	-
Total deferred amounts to be recognized in pension expense in future periods	43,599	-
Employer contributions subsequent to the measurement date	19,626	-
Total deferred amounts related to pensions	\$ 63,225	\$ -

\$19,626 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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 39,183
2016	1,472
2017	1,472
2018	1,472
2019	-
Thereafter	-
Total	\$ 43,599

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLANS (CONTINUED)

Teachers' Retirement System of the State of Illinois

General Information about the Pension Plan

Plan description

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits provided

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

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

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

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLANS (CONTINUED)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46.

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. For the year ended June 30, 2015, state of Illinois contributions recognized by Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 were based on the state's proportionate share of the collective net pension liability associated with Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, and Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 recognized revenue and expenditures of \$92,587 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$1,043, and are deferred because they were paid after the June 30, 2014 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46, there is a statutory requirement for Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. When incurred, these contributions are deferred because they were paid after the June 30, 2014 measurement date.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLANS (CONTINUED)

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 paid no employer contributions under the ERO program.

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 did not make any employer contributions to TRS due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 25,069
State's proportionate share of the net pension liability associated with the employer	<u>1,149,995</u>
Total	<u><u>\$ 1,175,064</u></u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportion of the net pension liability was based on Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportion was .0000411928 percent.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLANS (CONTINUED)

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportion of the net pension liability as of June 30, 2013, was based on Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportion was .0002256208 percent.

For the year ended June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 recognized pension expense of \$92,587 and revenue of \$92,587 for support provided by the state. For the year ended June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 recognized a pension asset of \$20,588. At June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13	\$ -
Net difference between projected and actual earnings on pension plan investment	-	1,260
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	92,976
Employer contributions subsequent to the measurement date	<u>1,043</u>	<u>-</u>
Total	<u>\$ 1,056</u>	<u>\$ 94,236</u>

\$1,043 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 as follows:

Year ended June 30:	
2016	\$ (22,879)
2017	(22,879)
2018	(22,879)
2019	(22,879)
2020	<u>(2,707)</u>
Total	<u>\$ (94,223)</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLANS (CONTINUED)

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLANS (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 by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18	8.58
Aggregate bonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic real estate	4	9.79
ARS	8	3.27
Risk parity	8	5.57
Diversified inflation strategy	1	3.96
Private equity	14	13.03
Total	100%	

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLANS (CONTINUED)

Sensitivity of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportionate share of the net pension liability to changes in the discount rate

The following presents Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Regional Office of Education No. 46's proportionate share of the net pension liability	<u>\$ 30,959</u>	<u>\$ 25,069</u>	<u>\$ 20,192</u>

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers Health Insurance Security Fund

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

- **On-behalf Contributions.** The state of Illinois makes employer retiree health insurance contributions on behalf of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$1,834, and Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's employees were \$1,822 and \$4,234, respectively.
- **Employer Contributions.** Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 also makes contributions to the THIS Fund. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 THIS Fund contribution was 0.76 percent during the year ended June 30, 2015 and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 paid \$1,367 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and June 30, 2013, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 paid \$1,353 and \$3,175, respectively, which was 100 percent of the required contributions.

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

NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental activities:				
Furniture and equipment	\$ 89,050	\$ -	\$ -	\$ 89,050
Less accumulated depreciation	(82,258)	(3,830)	-	(86,088)
Total capital assets, net	<u>\$ 6,792</u>	<u>\$ (3,830)</u>	<u>\$ -</u>	<u>\$ 2,962</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged as follows:

Governmental activities:

Education:

Depreciation	<u>\$ 3,830</u>
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NOTE 7 - OPERATING LEASES

The Regional Office of Education No. 46 entered into a lease agreement for the Regional Office of Education No. 46's Jacksonville Office requiring an annual payment of \$6,000. This agreement is renewable annually. The Regional Office of Education No. 46 entered into a lease agreement for the Lafayette Center/Alternative Resource Center (ARC) in Jacksonville requiring quarterly payments of \$5,000. This agreement is renewable annually. Rent expense for these leases for fiscal year 2015 was \$26,000.

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS

The Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46's General, Special Revenue, and Agency Funds have funds due to and due from various other governmental units which consist of the following:

Due from other governments	
Education fund	
Illinois State Board of Education	\$ 4,132
Local governments	7,083
Alternative Schools Fund	
Illinois State Board of Education	109
Agency fund	
Local governments	<u>120,055</u>
Total due from other governments	<u>\$ 131,379</u>
Due to other governments	
General fund	
Local governments	\$ 6,509
Education Fund	
Illinois State Board of Education	475
Agency fund	
Local governments	<u>120,387</u>
Total due to other governments	<u>\$ 127,371</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 - DUE FROM/TO OTHER FUNDS

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, at June 30, 2015 were:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
County Support	\$ 13,107	\$ -
Education Fund		
Regional Safe Schools Fund	-	4,692
McKinney Education for Homeless Children Fund	-	7,094
Title II - Teacher Quality Leadership Fund	-	1,212
Alternative Schools Fund		
State Lunch Fund	-	109
Total	<u>\$ 13,107</u>	<u>\$ 13,107</u>

NOTE 10 - TRANSFERS

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
County Support	\$ 913	\$ 100,793
Star Online	-	35
Truants Alternative/Optional Education - State Aid Fund	69,450	-
Alternative Resource Center (ARC) - State Aid Fund	70,403	-
Education Fund		
McKinney Education for Homeless Children Fund	-	554
Title II - Teacher Quality - RESPRO	479	-
Illinois School for the Deaf	-	142
Illinois School for the Visually Impaired	-	182
Alternative Schools Fund		
State Lunch Fund	-	540
National School Lunch Fund	-	29,304
School Breakfast Fund	-	9,695
Total	<u>\$ 141,245</u>	<u>\$ 141,245</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 11 - DEFICIT FUND BALANCES

The following funds had deficit fund balances at June 30, 2015:

Education Fund:	
Regional Safe Schools Fund	\$ (560)
McKinney Education for Homeless Children Fund	(4,463)
Title II - Teacher Quality Leadership Fund	(1,687)

Above deficit fund balances are expected to be reversed through payments from the State, receipts from local sources and interest income.

NOTE 12 - RISK MANAGEMENT

Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 13 - NEW PRONOUNCEMENTS

In 2015, Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. These statements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46 also implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement had no impact on the financial statements for Brown, Cass, Morgan and Scott Counties Regional Office of Education No. 46.

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 14 - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish 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, GASB No. 68 requires a state or local government employer to recognize a net pension asset/liability and changes in the net pension asset/liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension asset/liability which is required to be reported by GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. Beginning net position for governmental activities were restated to retroactively report the beginning net pension asset/liability and deferred outflows of resources related to contributions made after the measurement date as follows:

Net position June 30, 2014,	
as previously reported	\$ 192,063
Net pension liability at June 30, 2014	(188,318)
Change in outflows of resources related to	
to contributions made after the	
June 30, 2013 measurement date	<u>25,000</u>
Net position July 1, 2014, as restated	<u>\$ 28,745</u>

NOTE 15 - 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 county board resolutions prior to June 30, 2013. Effective July 1, 2015, Brown, Cass, Morgan and Scott Counties was included in the Regional Office of Education No. 01.

This information is an integral part of the accompanying financial statements.

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar year ended December 31,	<u>2014</u>
Total pension liability	
Service cost	\$ 34,176
Interest on the total pension liability	106,802
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	10,095
Changes of assumptions	65,513
Benefit payments, including refunds of employee contributions	<u>(62,945)</u>
Net change in total pension liability	153,641
Total pension liability - beginning	<u>1,437,684</u>
Total pension liability - ending (A)	<u><u>\$ 1,591,325</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 45,080
Contributions - employees	12,011
Net investment income	96,965
Benefit payments, including refunds of employee contributions	(62,945)
Other (net transfer)	<u>(1,280)</u>
Net change in plan fiduciary net position	89,831
Plan fiduciary net position - beginning	<u>1,390,716</u>
Plan fiduciary net position - ending (B)	<u><u>\$ 1,480,547</u></u>
Net pension liability - ending (A) - (B)	<u><u>\$ 110,778</u></u>
Plan fiduciary net position as a percentage of the total pension liability	93.04%
Covered valuation payroll	\$ 251,400
Net pension liability as a percentage of covered valuation payroll	44.06%

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.

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Valuation <u>Payroll</u>	Actual Contribution as a Percentage of Covered <u>Valuation Payroll</u>
2014	\$ 40,903	\$ 45,080	\$ (4,177)	\$ 251,400	17.93%

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 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:

There were no benefit changes during the year.

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

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46**

**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2014</u>
Employer's proportion of the net pension liability	.0000411928%
Employer's proportionate share of the net pension liability	\$ 25,069
State's proportionate share of the net pension liability associated with the employer	<u>1,149,995</u>
Total	<u>\$ 1,175,064</u>
Employer's covered-employee payroll	\$ 187,869
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.3%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 1,043	\$ 1,470
Contributions in relation to the contractually-required contribution	<u>1,062</u>	<u>1,470</u>
Contribution deficiency (excess)	<u>\$ (19)</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 180,642	\$ 187,869
Contributions as a percentage of covered-employee payroll	0.59%	0.78%

Notes to Required Supplementary Information

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

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.

SUPPLEMENTARY INFORMATION

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2015

SCHEDULE 1

	<u>County Support</u>	<u>Spelling Bee Fund</u>	<u>Media Center</u>	<u>Identix Fingerprinting Fund</u>	<u>Star Online</u>
ASSETS					
Cash and cash equivalents	\$ 114,224	\$ 2,929	\$ 6,437	\$ 3,912	\$ 125
Accounts receivable	-	-	-	-	218
Due from other funds	13,107	-	-	-	-
Total assets	127,331	2,929	6,437	3,912	343
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 127,331	\$ 2,929	\$ 6,437	\$ 3,912	\$ 343
LIABILITIES					
Accounts payable	\$ 1,075	\$ -	\$ -	\$ -	\$ -
Due to other governments	2,567	-	-	89	-
Total liabilities	3,642	-	-	89	-
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
FUND BALANCE					
Assigned	-	-	6,437	-	-
Unassigned	123,689	2,929	-	3,823	343
Total fund balance	123,689	2,929	6,437	3,823	343
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 127,331	\$ 2,929	\$ 6,437	\$ 3,912	\$ 343

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

**SCHEDULE 1
(CONTINUED)**

	<u>ROE School Improvement Fund</u>	<u>Dental Sealant Fund</u>	<u>Registration Fees Fund</u>	<u>Truants Alternative/ Optional Education - State Aid Fund</u>	<u>Alternative Resource Center (ARC) - State Aid Fund</u>
ASSETS					
Cash and cash equivalents	\$ 2,224	\$ 17,924	\$ 25,056	\$ 73,125	\$ 4,223
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	2,224	17,924	25,056	73,125	4,223
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,224	\$ 17,924	\$ 25,056	\$ 73,125	\$ 4,223
LIABILITIES					
Accounts payable	\$ 165	\$ -	\$ -	\$ 534	\$ 260
Due to other governments	-	-	-	3,753	100
Total liabilities	165	-	-	4,287	360
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
FUND BALANCE					
Assigned	-	-	-	-	-
Unassigned	2,059	17,924	25,056	68,838	3,863
Total fund balance	2,059	17,924	25,056	68,838	3,863
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,224	\$ 17,924	\$ 25,056	\$ 73,125	\$ 4,223

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2015

SCHEDULE 1
 (CONTINUED)

	<u>Job Bank Fund</u>	<u>Pearson Testing Fund</u>	<u>School Directory</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1	\$ 2,746	\$ 110	\$ 253,036
Accounts receivable	-	-	-	218
Due from other funds	-	-	-	13,107
Total assets	1	2,746	110	266,361
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1	\$ 2,746	\$ 110	\$ 266,361
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,034
Due to other governments	-	-	-	6,509
Total liabilities	-	-	-	8,543
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
FUND BALANCE				
Assigned	-	-	-	6,437
Unassigned	1	2,746	110	251,381
Total fund balance	1	2,746	110	257,818
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1	\$ 2,746	\$ 110	\$ 266,361

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2015**

SCHEDULE 2

	<u>County Support</u>	<u>Spelling Bee Fund</u>	<u>Media Center</u>	<u>Identix Fingerprinting Fund</u>	<u>Star Online</u>
REVENUES:					
Local sources	\$ 235,281	\$ 1,084	\$ 5,453	\$ 3,462	\$ 343
State sources	-	-	-	-	-
On-behalf payments	<u>225,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>460,903</u>	<u>1,084</u>	<u>5,453</u>	<u>3,462</u>	<u>343</u>
EXPENDITURES:					
Education:					
Salaries	66,935	-	-	-	-
Benefits	16,016	-	-	-	-
Pension expense	9,449	-	-	-	-
Purchased services	7,444	374	2,500	3,296	-
Supplies and materials	2,792	987	411	-	-
Miscellaneous	7,169	-	-	-	-
On-behalf payments	<u>225,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>335,427</u>	<u>1,361</u>	<u>2,911</u>	<u>3,296</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>125,476</u>	<u>(277)</u>	<u>2,542</u>	<u>166</u>	<u>343</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	913	-	-	-	-
Transfers out	<u>(100,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
Total other financing sources (uses)	<u>(99,880)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	25,596	(277)	2,542	166	308
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>98,093</u>	<u>3,206</u>	<u>3,895</u>	<u>3,657</u>	<u>35</u>
FUND BALANCE, END OF YEAR	<u>\$ 123,689</u>	<u>\$ 2,929</u>	<u>\$ 6,437</u>	<u>\$ 3,823</u>	<u>\$ 343</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2015

SCHEDULE 2
 (CONTINUED)

	<u>ROE School</u>	<u>Dental</u>	<u>Registration</u>	<u>Truants</u>	<u>Alternative</u>
	<u>Improvement</u>	<u>Sealant</u>	<u>Fees</u>	<u>Alternative/</u>	<u>Resource</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Optional</u>	<u>Center (ARC) -</u>
				<u>State</u>	<u>State</u>
				<u>Aid</u>	<u>Aid</u>
				<u>Fund</u>	<u>Fund</u>
REVENUES:					
Local sources	\$ 2,567	\$ 43	\$ 6,447	\$ 3,241	\$ -
State sources	-	3,639	-	254,432	89,398
On-behalf payments	-	-	-	-	-
Total revenues	2,567	3,682	6,447	257,673	89,398
EXPENDITURES:					
Education:					
Salaries	-	-	-	126,517	89,102
Benefits	-	-	-	27,112	19,122
Pension expense	-	-	-	14,645	9,572
Purchased services	4,027	785	-	44,971	7,585
Supplies and materials	134	349	-	17,734	12,206
Miscellaneous	369	-	-	4,700	2,959
On-behalf payments	-	-	-	-	-
Total expenditures	4,530	1,134	-	235,679	140,546
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	(1,963)	2,548	6,447	21,994	(51,148)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	69,450	70,403
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	69,450	70,403
NET CHANGE IN FUND BALANCE (DEFICIT)	(1,963)	2,548	6,447	91,444	19,255
FUND BALANCE (DEFICIT),					
BEGINNING OF YEAR	4,022	15,376	18,609	(22,606)	(15,392)
FUND BALANCE,					
END OF YEAR	\$ 2,059	\$ 17,924	\$ 25,056	\$ 68,838	\$ 3,863

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2015

SCHEDULE 2
 (CONTINUED)

	<u>Job Bank Fund</u>	<u>Pearson Testing Fund</u>	<u>School Directory</u>	<u>Total</u>
REVENUES:				
Local sources	\$ 1,351	\$ 2,144	\$ 110	\$ 261,526
State sources	-	-	-	347,469
On-behalf payments	-	-	-	225,622
Total revenues	1,351	2,144	110	834,617
EXPENDITURES:				
Education:				
Salaries	-	-	-	282,554
Benefits	-	-	-	62,250
Pension expense	-	-	-	33,666
Purchased services	1,350	-	-	72,332
Supplies and materials	-	-	-	34,613
Miscellaneous	-	-	-	15,197
On-behalf payments	-	-	-	225,622
Total expenditures	1,350	-	-	726,234
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1	2,144	110	108,383
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	140,766
Transfers out	-	-	-	(100,828)
Total other financing sources (uses)	-	-	-	39,938
NET CHANGE IN FUND BALANCE (DEFICIT)	1	2,144	110	148,321
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	-	602	-	109,497
FUND BALANCE, END OF YEAR	\$ 1	\$ 2,746	\$ 110	\$ 257,818

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2015

	Truants Alternative/ Optional Education Fund	Regional Safe Schools Fund	Title I - School Improvement and Accountability - RESPRO	McKinney Education for Homeless Children Fund	Title II - Teacher Quality - RESPRO	Title II - Teacher Quality Fund
ASSETS						
Cash and cash equivalents	\$ 2	\$ -	\$ 961	\$ -	\$ -	\$ -
Accounts receivable	-	-	291	-	-	-
Due from other governments	-	4,132	-	7,083	-	-
Total assets	2	4,132	1,252	7,083	-	-
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2	\$ 4,132	\$ 1,252	\$ 7,083	\$ -	\$ -
LIABILITIES						
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	4,692	-	7,094	-	-
Total liabilities	-	4,692	-	7,094	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	4,452	-	-
FUND BALANCE (DEFICIT)						
Restricted	2	-	1,252	-	-	-
Unassigned	-	(560)	-	(4,463)	-	-
Total fund balance (deficit)	2	(560)	1,252	(4,463)	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 2	\$ 4,132	\$ 1,252	\$ 7,083	\$ -	\$ -

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2015

	<u>ROE/ISC Operations</u>	<u>Illinois School for the Deaf</u>	<u>Illinois School for the Visually Impaired</u>	<u>Title II - Teacher Quality Leadership Fund</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 23	\$ -	\$ -	\$ -	\$ 986
Accounts receivable	-	-	-	-	291
Due from other governments	-	-	-	-	11,215
Total assets	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,492</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,492</u>
LIABILITIES					
Due to other governments	\$ -	\$ -	\$ -	\$ 475	\$ 475
Due to other funds	-	-	-	1,212	12,998
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,687</u>	<u>13,473</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,452</u>
FUND BALANCE (DEFICIT)					
Restricted	23	-	-	-	1,277
Unassigned	-	-	-	(1,687)	(6,710)
Total fund balance (deficit)	<u>23</u>	<u>-</u>	<u>-</u>	<u>(1,687)</u>	<u>(5,433)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,492</u>

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015**

SCHEDULE 4

	Truants Alternative/ Optional Education Fund	Regional Safe Schools Fund	Title I - School Improvement and Accountability - RESPRO	McKinney Education for Homeless Children Fund	Title II - Teacher Quality - RESPRO	Title II - Teacher Quality Fund
REVENUES:						
Local sources	\$ 2	\$ -	\$ 2	\$ -	\$ -	\$ -
State sources	125,118	49,114	-	-	-	-
Federal sources	-	-	7,604	16,001	-	874
Total revenues	125,120	49,114	7,606	16,001	-	874
EXPENDITURES:						
Education:						
Salaries	90,969	39,968	-	15,705	-	-
Benefits	13,429	7,614	-	2,164	-	-
Pension expense	964	1,228	-	1,135	-	-
Purchased services	17,280	864	6,220	733	135	874
Supplies and materials	2,476	-	134	173	344	-
Total expenditures	125,118	49,674	6,354	19,910	479	874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2	(560)	1,252	(3,909)	(479)	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	479	-
Transfers out	-	-	-	(554)	-	-
Total other financing sources (uses)	-	-	-	(554)	479	-
NET CHANGE IN FUND BALANCE (DEFICIT)	2	(560)	1,252	(4,463)	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ 2	\$ (560)	\$ 1,252	\$ (4,463)	\$ -	\$ -

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2015

SCHEDULE 4
 (CONTINUED)

	<u>ROE/ISC</u>	<u>Illinois</u> <u>School for</u> <u>the Deaf</u>	<u>Illinois</u> <u>School for</u> <u>the Visually</u> <u>Impaired</u>	<u>Title II -</u> <u>Teacher</u> <u>Quality</u> <u>Leadership</u> <u>Fund</u>	<u>Totals</u>
REVENUES:					
Local sources	\$ 23	\$ -	\$ -	\$ 13	\$ 40
State sources	56,157	142	182	-	230,713
Federal sources	-	-	-	1,336	25,815
Total revenues	56,180	142	182	1,349	256,568
EXPENDITURES:					
Education:					
Salaries	44,995	-	-	336	191,973
Benefits	6,070	-	-	-	29,277
Pension expense	4,325	-	-	-	7,652
Purchased services	767	-	-	2,700	29,573
Supplies and materials	-	-	-	-	3,127
Total expenditures	56,157	-	-	3,036	261,602
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23	142	182	(1,687)	(5,034)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	479
Transfers out	-	(142)	(182)	-	(878)
Total other financing sources (uses)	-	(142)	(182)	-	(399)
NET CHANGE IN FUND BALANCE (DEFICIT)	23	-	-	(1,687)	(5,433)
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ 23	\$ -	\$ -	\$ (1,687)	\$ (5,433)

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2015

	Truants Alternative/Optional Education Fund				Regional Safe Schools Fund			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ -	\$ -	\$ -
State sources	127,998	125,118	125,118	-	50,245	49,114	49,114	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>127,998</u>	<u>125,118</u>	<u>125,120</u>	<u>2</u>	<u>50,245</u>	<u>49,114</u>	<u>49,114</u>	<u>-</u>
EXPENDITURES:								
Education:								
Salaries	88,152	88,152	90,969	(2,817)	40,982	39,851	39,968	(117)
Benefits	16,176	16,176	13,429	2,747	8,864	8,864	7,614	1,250
Pension expense	-	-	964	(964)	-	-	1,228	(1,228)
Purchased services	21,194	18,314	17,280	1,034	399	399	864	(465)
Supplies and materials	<u>2,476</u>	<u>2,476</u>	<u>2,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>127,998</u>	<u>125,118</u>	<u>125,118</u>	<u>-</u>	<u>50,245</u>	<u>49,114</u>	<u>49,674</u>	<u>(560)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(560)</u>	<u>\$ (560)</u>
OTHER FINANCING USES:								
Transfers out			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			2				(560)	
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ 2</u>				<u>\$ (560)</u>	

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015

	McKinney Education for Homeless Children Fund				Title II - Teacher Quality Fund			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	18,453	20,453	16,001	(4,452)	1,881	1,853	874	(979)
Total revenues	18,453	20,453	16,001	(4,452)	1,881	1,853	874	(979)
EXPENDITURES:								
Education:								
Salaries	13,800	15,800	15,705	95	-	-	-	-
Benefits	3,204	3,204	2,164	1,040	-	-	-	-
Pension expense	-	-	1,135	(1,135)	-	-	-	-
Purchased services	1,249	1,249	733	516	1,881	1,853	874	979
Supplies and materials	200	200	173	27	-	-	-	-
Total expenditures	18,453	20,453	19,910	543	1,881	1,853	874	979
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	(3,909)	\$ (3,909)	\$ -	\$ -	-	\$ -
OTHER FINANCING USES:								
Transfers out			(554)				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			(4,463)				-	
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (4,463)				\$ -	

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2015

	ROE/SC Operations				Title II - Teacher Quality Leadership Fund			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ 23	\$ 23	\$ -	\$ -	\$ 13	\$ 13
State sources	56,157	56,157	56,157	-	-	-	-	-
Federal sources	-	-	-	-	2,233	2,233	1,336	(897)
Total revenues	<u>56,157</u>	<u>56,157</u>	<u>56,180</u>	<u>23</u>	<u>2,233</u>	<u>2,233</u>	<u>1,349</u>	<u>(884)</u>
EXPENDITURES:								
Education:								
Salaries	44,998	44,998	44,995	3	111	111	336	(225)
Benefits	10,676	10,676	6,070	4,606	-	-	-	-
Pension expense	-	-	4,325	(4,325)	-	-	-	-
Purchased services	483	483	767	(284)	2,122	2,122	2,700	(578)
Supplies and materials	-	-	-	-	-	-	-	-
Total expenditures	<u>56,157</u>	<u>56,157</u>	<u>56,157</u>	<u>-</u>	<u>2,233</u>	<u>2,233</u>	<u>3,036</u>	<u>(803)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>23</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,687)</u>	<u>\$ (1,687)</u>
OTHER FINANCING USES:								
Transfers out			-				-	
NET CHANGE IN FUND BALANCE (DEFICIT)			23				(1,687)	
FUND BALANCE, BEGINNING OF YEAR			-				-	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ 23</u>				<u>\$ (1,687)</u>	

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF ACCOUNTS
 ALTERNATIVE SCHOOLS FUND ACCOUNTS
 June 30, 2015

SCHEDULE 6

	<u>State Lunch Fund</u>	<u>National School Lunch Fund</u>	<u>School Breakfast Fund</u>	<u>Totals</u>
ASSETS				
Due from other governments	\$ 109	\$ -	\$ -	\$ 109
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109</u>
LIABILITIES				
Due to other funds	\$ 109	\$ -	\$ -	\$ 109
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
FUND BALANCE				
None	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALTERNATIVE SCHOOLS FUND
 Year Ended June 30, 2015

SCHEDULE 7

	<u>State Lunch Fund</u>	<u>National School Lunch Fund</u>	<u>School Breakfast Fund</u>	<u>Totals</u>
REVENUES:				
Local sources	\$ -	\$ 14	\$ 4	\$ 18
State sources	540	-	-	540
Federal sources	-	29,290	9,691	38,981
Total revenues	540	29,304	9,695	39,539
EXPENDITURES:				
None	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	540	29,304	9,695	39,539
OTHER FINANCING USES:				
Transfers out	(540)	(29,304)	(9,695)	(39,539)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Bus Driver Fund	General Education Development Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 3,110	\$ 10,405	\$ 13,515
Accounts receivable	-	214	214
Total assets	<u>3,110</u>	<u>10,619</u>	<u>13,729</u>
DEFERRED OUTFLOWS OF RESOURCES			
None	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,110</u>	<u>\$ 10,619</u>	<u>\$ 13,729</u>
LIABILITIES			
None	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
None	-	-	-
FUND BALANCE			
Restricted	<u>3,110</u>	<u>10,619</u>	<u>13,729</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,110</u>	<u>\$ 10,619</u>	<u>\$ 13,729</u>

BROWN, CASS, MORGAN AND SCOTT COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 46
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2015

	<u>Bus Driver Fund</u>	<u>General Education Development Fund</u>	<u>Totals</u>
REVENUES:			
Local sources	\$ 1,520	\$ 2,450	\$ 3,970
State sources	632	-	632
Total revenues	2,152	2,450	4,602
EXPENDITURES:			
Education:			
Purchased services	1,436	418	1,854
NET CHANGE IN FUND BALANCE	716	2,032	2,748
FUND BALANCE, BEGINNING OF YEAR	2,394	8,587	10,981
FUND BALANCE, END OF YEAR	\$ 3,110	\$ 10,619	\$ 13,729

**BROWN, CASS, MORGAN AND SCOTT COUNTIES
 REGIONAL OFFICE OF EDUCATION NO. 46
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2015**

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2015</u>
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash	\$ 64,371	\$ 752,576	\$ 816,615	\$ 332
Due from other governments	<u>136,368</u>	<u>736,170</u>	<u>752,483</u>	<u>120,055</u>
TOTAL ASSETS	<u>\$ 200,739</u>	<u>\$ 1,488,746</u>	<u>\$ 1,569,098</u>	<u>\$ 120,387</u>
LIABILITIES				
Due to other governments	<u>\$ 200,739</u>	<u>\$ 736,263</u>	<u>\$ 816,615</u>	<u>\$ 120,387</u>