

**STATE OF ILLINOIS
EDWARDS, HARDIN, GALLATIN, POPE, SALINE,
WABASH, WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL AUDIT
For the Year Ended June 30, 2015**

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
OFFICIALS**

Regional Superintendent
(Current and During the Audit Period)

Mr. Lawrence Fillingim

Assistant Regional Superintendent
(During Audit Period, Acting Effective July 1, 2014
through November 14, 2014)

Mr. James Taylor

Assistant Regional Superintendent
(During Audit Period, Acting Effective November 15, 2014
through March 31, 2015)

Mr. Keith Talley

Assistant Regional Superintendent
(Current and during Audit Period, Acting Effective
April 1, 2015 through June 30, 2015)

Mr. Vince Mitchell

Offices are located at:

512 N. Main Street
Harrisburg, IL 62946

930 Market Street
Mount Carmel, IL 62863

301 E. Main Street
Fairfield, IL 62837

307 E. Cherry Street
Carmi, IL 62821

50 E. Main Street
Albion, IL 62806

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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 | 5 | 6 |
| Repeated audit findings | 3 | 2 |
| Prior recommendations implemented or not repeated | 3 | 1 |

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

SUMMARY OF FINDINGS AND RESPONSES

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Finding Type</u> |
|--|--------------------|---|-----------------------------------|
| <i>Findings (Government Auditing Standards)</i> | | | |
| 2015-001 | 11a | Controls Over Financial Statement Preparation | Material Weakness |
| 2015-002 | 11c | Controls Over Grant Compliance | Compliance/Significant Deficiency |
| 2015-003 | 11d | Preparation of Monthly Bank Reconciliations | Material Weakness |
| 2015-004 | 11e | Controls Over Cash Balances | Material Weakness |
| 2015-005 | 11f | Controls Over Preparation Of Journal Entries | Significant Deficiency |
| <i>Prior Audit Findings not Repeated (Government Auditing Standards)</i> | | | |
| 2014-001 | 13 | Inadequate Internal Control Over Financial Processes | Significant Deficiency |
| 2014-004 | 13 | Use of Designated Grant Balances | Compliance/Material Weakness |
| 2014-006 | 13 | Inadequate Internal Controls Over Institute Fund Expenditures | Compliance/Material Weakness |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL REPORT SUMMARY (Concluded)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 12, 2015. Attending were Lawrence Fillingim, Regional Superintendent, and Aubrey D. Roberts, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Lawrence Fillingim, Regional Superintendent on December 15, 2015.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As disclosed in Notes 1 and 15 to the financial statements, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 17, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 will consolidate Hamilton County, formerly in the Regional Office of Education #25 educational service region, into its educational service region effective July 1, 2015.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability & Related Ratios – Illinois Municipal Retirement Fund, Schedule of Employer Contributions – Illinois Municipal Retirement Fund, Schedule of the Employer's Proportionate Share of the Net Pension Liability – Teachers' Retirement System of the State of Illinois, Schedule of Employer Contributions – Teachers' Retirement System of the State of Illinois, and Other Post – Employment Benefits Health Insurance – Schedule of Funding Progress (Unaudited) on pages 14a-14f, 62, 63, 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities 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, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities 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, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2016, on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana

August 8, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements, and have issued our report thereon dated August 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control. Accordingly, we do not express an opinion on the effectiveness of Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2015-001, 2015-003, and 2015-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2015-002 and 2015-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2015-002.

Regional Office of Education #20's Responses to Findings

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
August 8, 2016

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS’ RESULTS
For the Year Ended June 30, 2015**

Financial Statements

| | |
|---|-------------------|
| Type of auditor’s report issued: | <i>unmodified</i> |
| Internal control over financial reporting: | |
| Material weaknesses identified? | Yes |
| Significant deficiencies identified? | Yes |
| Noncompliance material to financial statements noted? | No |

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015

Finding No. 2015-001– Controls Over Financial Statement Preparation (Repeat of Finding 14-002, 13-002, 12-02 and 11-02)

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #20 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #20'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 net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and non-major funds in the aggregate, to be provided in the fund financial statements.

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

CONDITION:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #20's financial information prepared by the Regional Office of Education #20, auditors noted the ROE's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. In addition, the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by ROE management.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

Finding No. 2015-001– Controls Over Financial Statement Preparation (Repeat of Finding 14-002, 13-002, 12-02 and 11-02) (Concluded)

EFFECT:

The Regional Office of Education #20's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CAUSE:

According to ROE officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Additionally, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

RECOMMENDATION:

As part of internal control over the preparation of financial statements, the Regional Office of Education #20 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #20's activities and operations.

MANAGEMENT'S RESPONSE:

The Regional Office will work with other Regional Offices of Education for professional development and necessary training to ensure that the proper employees possess the knowledge required to compile the necessary GAAP based financial statements.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

Finding No. 2015-002– Controls over Grant Compliance (Repeat of Finding 14-003)

CRITERIA/SPECIFIC REQUIREMENT:

Grant agreements require the Regional Office to report actual expenditures incurred rather than reporting based on the amount budgeted in the grant agreement.

CONDITION:

Currently, the Regional Office does not document the time and effort of employees that are paid from multiple grants in order to allocate salaries to the grants based on actual cost.

EFFECT:

Grant programs may have been over or under expended for salary and benefit costs.

CAUSE:

The Regional Office of Education does not have a system of internal controls in place to ensure that salary and benefit costs for employees paid from multiple grants are allocated based on actual time and effort expended on each program.

RECOMMENDATION:

The Regional Office should formally document the time and effort spent on each grant for employees paid from multiple grant sources and allocate actual costs to each grant accordingly.

MANAGEMENT’S RESPONSE:

The Regional Office has implemented the use of time and effort sheets for federal funded grants to ensure accurate allocation of funds to each grant accordingly.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

Finding No. 2015-003– Preparation of Monthly Bank Reconciliations (Repeat of Finding 14-005)

CRITERIA/SPECIFIC REQUIREMENT:

As a basic cash management procedure, the Regional Office should be preparing bank reconciliations for each of its cash accounts on a monthly basis. This procedure should be incorporated as a part of the monthly closing procedures.

CONDITION:

During the fiscal year, the Regional Office did not reconcile any of its cash accounts until after the fiscal year end in preparation for the annual audit.

EFFECT:

Bank accounts that are not reconciled timely each month could result in unintentional or intentional errors or misappropriations of assets which could be material to the financial statements and may not be detected in a timely manner by employees or management in the normal course of performing their assigned duties.

CAUSE:

The Regional Office does not have sufficient internal controls over their monthly financial closing process that includes monthly bank reconciliations.

RECOMMENDATION:

The Regional Office should develop and implement sufficient internal controls over their monthly financial closing process to ensure that all bank statements are reconciled to the general ledger in a timely manner and that reconciliations are reviewed by an individual independent of the preparation process to ensure the reconciliation is mathematically correct and the reconciled balance agrees to the general ledger account(s).

MANAGEMENT’S RESPONSE:

All bank accounts are reconciled monthly to the general ledger. The reconciled statements are then reviewed by a third party that did not participate in the reconciliation.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

Finding No. 2015-004 – Controls over Cash Balances

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education’s investment policy indicates that it follows 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 #20’s name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the Regional Office be adequately covered by depository insurance or collateral.

CONDITION:

During the current fiscal year, the Regional Office of Education had funds in excess of the federally insured limit that were not collateralized. At June 30, 2015, \$67,526 of the Regional Office of Education #20’s \$429,972 deposited with financial institutions was uncollateralized and uninsured.

EFFECT:

Uncollateralized and uninsured bank deposits are subject to custodial credit risk, which is the risk that, in the event of bank failure, the Regional Office of Education #20's deposits may not be returned to it.

CAUSE:

The financial institution and the Regional Office failed to monitor deposit and collateral balances.

RECOMMENDATION:

The Regional Office of Education #20 should monitor deposit and collateral balances throughout the year to ensure sufficient collateral is held to secure its bank deposits.

MANAGEMENT’S RESPONSE:

Security Pledges have been received to ensure adequate collateral balances.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

Finding No. 2015-005 – Controls over Preparation of Journal Entries

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Superintendent of Schools is required to maintain a system of controls over financial processes.

CONDITION:

During review of the Regional Office of Education #20's financial information, auditors noted the journal entries posted to the Regional Office's accounting system were not supported by documentation to indicate the purpose of the journal entry. In addition, there was no indication that the journal entries were reviewed and approved by an individual independent of the general ledger process.

EFFECT:

The Regional Office of Education #20's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect unintentional or intentional errors, misappropriations of assets or financial statement misstatements in a timely manner.

CAUSE:

The Regional Office did not maintain sufficient support for journal entries made during the year.

RECOMMENDATION:

The Regional Office of Education #20 should maintain supporting documentation for all journal entries that are made throughout the year and each journal entry should have documented review and approval by an individual independent of the general ledger process.

MANAGEMENT'S RESPONSE:

The Regional Office is maintaining and attaching supporting documentation to each journal entry. More descriptive reasons for the entries and a review by a third party for approval and verification of accuracy have been implemented.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2015**

Corrective Action Plan

Finding No. 2015-001– Controls Over Financial Statement Preparation (Repeat of Finding 14-002, 13-002, 12-02 and 11-02)

CONDITION:

The Regional Office of Education #20 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #20's financial information prepared by the Regional Office of Education #20, auditors noted the ROE's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. In addition, the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by ROE management.

PLAN:

The Regional Office will work with other Regional Offices of Education for professional development and necessary training to ensure that the proper employees possess the knowledge required to compile the necessary GAAP based financial statements.

ANTICIPATED DATE OF COMPLETION:

June 30, 2016

CONTACT PERSON:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2015**

Corrective Action Plan

Finding No. 2015-002– Controls over Grant Compliance (Repeat of Finding of 14-003)

CONDITION:

Currently, the Regional Office does not document the time and effort of employees that are paid from multiple grants in order to allocate salaries to the grants based on actual cost.

PLAN:

The Regional Office has implemented the use of time and effort sheets for federal funded grants to ensure accurate allocation of funds to each grant accordingly.

ANTICIPATED DATE OF COMPLETION:

Corrected in October 2015

CONTACT PERSON:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2015**

Corrective Action Plan

Finding No. 2015-003– Preparation of Monthly Bank Reconciliations (Repeat finding of 14-005)

CONDITION:

During the fiscal year, the Regional Office did not reconcile any of its cash accounts until after the fiscal year end in preparation for the annual audit.

PLAN:

All bank accounts are reconciled monthly to the general ledger. The reconciled statements are then reviewed by a third party that did not participate in the reconciliation.

ANTICIPATED DATE OF COMPLETION:

Corrected with the hiring of a new fiscal officer in July 2015.

CONTACT PERSON:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2015**

Corrective Action Plan

Finding No. 2015-004 – Controls over Cash Balances

CONDITION:

During the current fiscal year, the Regional Office of Education had funds in excess of the federally insured limit that were not collateralized. At June 30, 2015, \$67,526 of the Regional Office of Education #20's \$429,972 deposited with financial institutions was uncollateralized and uninsured.

PLAN:

Security Pledges have been received to ensure adequate collateral balances.

ANTICIPATED DATE OF COMPLETION:

Corrected immediately

CONTACT PERSON:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For Year Ended June 30, 2015**

Corrective Action Plan

Finding No. 2015-005– Controls over Preparation of Journal Entries

CONDITION:

During review of the Regional Office of Education #20's financial information, auditors noted the journal entries posted to the Regional Office's accounting system were not supported by documentation to indicate the purpose of the journal entry. In addition, there was no indication that the journal entries were reviewed and approved by an individual independent of the general ledger process.

PLAN:

The Regional Office is maintaining and attaching supporting documentation to each journal entry. More descriptive reasons for the entries and a review by a third party for approval and verification of accuracy have been implemented.

ANTICIPATED DATE OF COMPLETION:

Corrected immediately

CONTACT PERSON:

Honorable Lawrence Fillingim, Regional Superintendent of Schools

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For Year Ended June 30, 2015**

| <u>Finding No.</u> | <u>Condition</u> | <u>Current Status</u> |
|---------------------------|---|------------------------------|
| 2014-001 | Inadequate Internal Control over Financial Processes | Corrected |
| 2014-002 | Controls over Financial Statement Preparation | Repeated |
| 2014-003 | Controls Over Grant Compliance | Repeated |
| 2014-004 | Use of Designated Grant Balances | Corrected |
| 2014-005 | Preparation of Monthly Bank Reconciliations | Repeated |
| 2014-006 | Inadequate Internal Controls Over Institute Fund Expenditures | Corrected |

MANAGEMENT'S DISCUSSION AND ANALYSIS

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 (ROE #20) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider this information in conjunction with ROE #20's financial statements, which follow.

2015 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$284,011 from \$1,067,902 in fiscal year 2014 to \$783,891 in fiscal year 2015. General Fund expenditures decreased by \$302,724 from \$1,088,532 in fiscal year 2014 to \$785,808 in fiscal year 2015. The majority of the decrease in revenue and expenditures relates to a decrease in state funding.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$256,228 from \$1,211,829 in fiscal year 2014 to \$1,468,057 in fiscal year 2015. The Special Revenue Fund expenditures increased by \$234,889 from \$1,219,442 in fiscal year 2014 to \$1,454,331 in fiscal year 2015. The revenue and expenditure increases are due to more funding from state sources.

Using This Annual Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of ROE #20's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of ROE #20 as a whole and present an overall view of ROE #20's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report ROE #20's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the non-major funds.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Reporting the Regional Office Of Education #20 as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about ROE #20 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all ROE #20's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report ROE #20's net position and how it has changed. Net position (the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) are one way to measure ROE #20's financial health or position.

- Over time, increases or decreases in the net position are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess ROE #20's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the ROE #20's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Regional Office of Education #20's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #20 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

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

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Reporting The Regional Office Of Education #20 As A Whole (Concluded)

- 2) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has three enterprise funds, Local Workshops, Lab School Reservations, and Fingerprinting.

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

- 3) Fiduciary funds are used to account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Position.

Government-Wide Financial Analysis

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2014 totaled \$7,041. At the end of fiscal year 2015, the net position was \$25,831. The analysis that follows provides a summary of the Office's net position as of June 30, 2015 and 2014, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|--------------------|--------------------------|------------------|--------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current Assets | \$ 168,769 | \$ 62,774 | \$ 27,236 | \$ 34,014 | \$ 196,005 | \$ 96,788 |
| Capital Assets | 36,015 | 31,587 | - | - | 36,015 | 31,587 |
| Total Assets | <u>204,784</u> | <u>94,361</u> | <u>27,236</u> | <u>34,014</u> | <u>232,020</u> | <u>128,375</u> |
| Deferred Outflows | <u>164,967</u> | - | - | - | <u>164,967</u> | - |
| Current Liabilities | 179,830 | 85,644 | - | 3,200 | 179,830 | 88,844 |
| Noncurrent Liabilities | <u>181,690</u> | <u>32,490</u> | - | - | <u>181,690</u> | <u>32,490</u> |
| Total Liabilities | <u>361,520</u> | <u>118,134</u> | - | <u>3,200</u> | <u>361,520</u> | <u>121,334</u> |
| Deferred Inflows | <u>9,636</u> | - | - | - | <u>9,636</u> | - |
| Net Position | | | | | | |
| Net investment in capital assets | 36,015 | 31,587 | - | - | 36,015 | 31,587 |
| Restricted - other | 98,590 | 85,030 | - | - | 98,590 | 85,030 |
| Unrestricted | <u>(136,010)</u> | <u>(140,390)</u> | <u>27,236</u> | <u>30,814</u> | <u>(108,774)</u> | <u>(109,576)</u> |
| Total Net Position | <u>\$ (1,405)</u> | <u>\$ (23,773)</u> | <u>\$ 27,236</u> | <u>\$ 30,814</u> | <u>\$ 25,831</u> | <u>\$ 7,041</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Government-Wide Financial Analysis (Continued)

The Regional Office of Education's net position increased by \$18,790 from Fiscal Year 2014 to Fiscal Year 2015. This increase occurred primarily due to an increase in state funding.

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------|--------------------------------|--------------------|---------------------------------|------------------|---------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Operating Grants/ | | | | | | |
| Contributions | \$ 1,413,249 | \$ 1,372,056 | \$ - | \$ - | \$ 1,413,249 | \$ 1,372,056 |
| Charges for Services | - | - | 7,062 | 32,575 | 7,062 | 32,575 |
| General Revenues: | | | | | | |
| Local Sources | 310,335 | 293,424 | - | - | 310,335 | 293,424 |
| State Sources | 290,477 | 231,800 | - | - | 290,477 | 231,800 |
| On-Behalf payments | | | | | | |
| - State | 364,458 | 382,352 | - | - | 364,458 | 382,352 |
| Interest | - | 99 | - | - | - | 99 |
| Transfers | - | - | - | - | - | - |
| Total Revenues | <u>2,378,519</u> | <u>2,279,731</u> | <u>7,062</u> | <u>32,575</u> | <u>2,385,581</u> | <u>2,312,306</u> |
| Expenses: | | | | | | |
| Instructional services: | | | | | | |
| Salaries and benefits | 1,270,690 | 1,369,227 | - | - | 1,270,690 | 1,369,227 |
| Purchased services | 495,530 | 448,002 | - | - | 495,530 | 448,002 |
| Supplies and materials | 82,007 | 88,889 | - | - | 82,007 | 88,889 |
| Payments to other | | | | | | |
| governments | 22,175 | 3,676 | - | - | 22,175 | 3,676 |
| Capital outlay | - | 1,097 | - | - | - | 1,097 |
| Other objects | 8,069 | 3,161 | - | - | 8,069 | 3,161 |
| Depreciation | 13,755 | 13,884 | - | - | 13,755 | 13,884 |
| Interest expense | 924 | 1,385 | - | - | 924 | 1,385 |
| Pension expense | 91,116 | - | - | - | 91,116 | - |
| Administrative expenses: | | | | | | |
| On-behalf payments | 364,458 | 382,352 | - | - | 364,458 | 382,352 |
| Business-type expenses: | | | | | | |
| Instructional | - | - | 10,640 | 35,177 | 10,640 | 35,177 |
| Total Expenses | <u>2,348,724</u> | <u>2,311,673</u> | <u>10,640</u> | <u>35,177</u> | <u>2,359,364</u> | <u>2,346,850</u> |
| Increase (Decrease) | | | | | | |
| in Net Position | 29,795 | (31,942) | (3,578) | (2,602) | 26,217 | (34,544) |
| Net Position – Beginning | | | | | | |
| (Restated-See Note 15) | <u>(31,200)</u> | <u>8,169</u> | <u>30,814</u> | <u>33,416</u> | <u>(386)</u> | <u>41,585</u> |
| Net Position – Ending | <u>\$ (1,405)</u> | <u>\$ (23,773)</u> | <u>\$ 27,236</u> | <u>\$ 30,814</u> | <u>\$ 25,831</u> | <u>\$ 7,041</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Governmental Activities

Revenues for governmental activities were \$2,378,519 and expenses were \$2,348,724 for the year ended June 30, 2015. Revenues for governmental activities were \$2,279,731 and expenses were \$2,311,673 for the year ended June 30, 2014. The majority of the increase in revenues and expenditures relates to an increase in state funding.

Business-type Activities

Revenues for business-type activities were \$7,062 and expenses were \$10,640 for the year ended June 30, 2015. Revenues for business-type activities were \$32,575 and expenses were \$35,177 for the year ended June 30, 2014. The decrease in revenues and expenses is due primarily to a decrease in activity in the Local Workshops fund.

Financial analysis of the Regional Office of Education #20 Funds

As previously noted, the Regional Office of Education #20 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's Governmental Funds reported combined fund balances of \$(11,061) at June 30, 2015 compared to fiscal year 2014's ending fund balance of \$(22,870). The increase is a result of an increase in state funding.

Budgetary Highlights

The Regional Office of Education #20 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year that runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #20 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the Regional Office of Education #20 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #20 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2015, Regional Office of Education #20 purchased assets totaling \$18,183 and deleted no assets, resulting in an ending balance of \$340,796 for governmental activities. In addition, the Regional Office of Education #20 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 3 of the financial statements.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE, AND WHITE
COUNTIES REGIONAL OFFICE OF EDUCATION #20
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #20 was aware of existing circumstances that could affect its financial health in the future:

- Funding for FY16 is expected to increase, due to the increase in the TAOEP and ROE/ISC grants.
- A new grant for the Regional Safe School Cooperative Education Program is expected in FY16 in the amount of approximately \$37,000.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #20 at 512 North Main Street, Harrisburg, Illinois 62946.

BASIC FINANCIAL STATEMENTS

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET POSITION
June 30, 2015**

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 155,601 | \$ 6,060 | \$ 161,661 |
| Due from (to) other funds | 7,724 | (7,724) | - |
| Due from other governments: | | | |
| State | 1,809 | - | 1,809 |
| Local | 3,635 | 28,900 | 32,535 |
| Total current assets | <u>168,769</u> | <u>27,236</u> | <u>196,005</u> |
| NONCURRENT ASSETS: | | | |
| Capital assets, net of depreciation | 36,015 | - | 36,015 |
| Total noncurrent assets | <u>36,015</u> | <u>-</u> | <u>36,015</u> |
| TOTAL ASSETS | <u>204,784</u> | <u>27,236</u> | <u>232,020</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | <u>164,967</u> | <u>-</u> | <u>164,967</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 1,297 | - | 1,297 |
| Salaries and benefits payable | 10,745 | - | 10,745 |
| Due to other governments: | | | |
| Local | 1,896 | - | 1,896 |
| State | 1,651 | - | 1,651 |
| Unearned revenue | 51,241 | - | 51,241 |
| Loans payable | 113,000 | - | 113,000 |
| Total current liabilities | <u>179,830</u> | <u>-</u> | <u>179,830</u> |
| NONCURRENT LIABILITIES | | | |
| Net pension liability | 149,548 | - | 149,548 |
| Liability for compensated absences | 32,142 | - | 32,142 |
| Total Noncurrent Liabilities | <u>181,690</u> | <u>-</u> | <u>181,690</u> |
| TOTAL LIABILITIES | <u>361,520</u> | <u>-</u> | <u>361,520</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | <u>9,636</u> | <u>-</u> | <u>9,636</u> |
| NET POSITION | | | |
| Investment in capital assets | 36,015 | - | 36,015 |
| Restricted - other | 98,590 | - | 98,590 |
| Unrestricted | <u>(136,010)</u> | <u>27,236</u> | <u>(108,774)</u> |
| TOTAL NET POSITION | <u>\$ (1,405)</u> | <u>\$ 27,236</u> | <u>\$ 25,831</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------|-----------------|---------------------|--|------------------|------------------|
| | Expenses | Charges for | Operating | Governmental | Business-Type | Total |
| | | Services | Grants | | | |
| PRIMARY GOVERNMENT | | | | | | |
| Governmental Activities: | | | | | | |
| Instructional Services: | | | | | | |
| Salaries and benefits | \$ 1,270,690 | \$ - | \$ 1,060,279 | \$ (210,411) | \$ - | \$ (210,411) |
| Purchased services | 495,530 | - | 309,752 | (185,778) | - | (185,778) |
| Supplies and materials | 82,007 | - | 22,878 | (59,129) | - | (59,129) |
| Other objects | 8,069 | - | - | (8,069) | - | (8,069) |
| Depreciation | 13,755 | - | - | (13,755) | - | (13,755) |
| Capital outlay | - | - | 18,183 | 18,183 | - | 18,183 |
| Payments to other governments | 22,175 | - | 2,157 | (20,018) | - | (20,018) |
| Pension expense | 91,116 | - | - | (91,116) | - | (91,116) |
| Administrative: | | | | | | |
| On-behalf payments - State | 364,458 | - | - | (364,458) | - | (364,458) |
| Total Governmental Activities | <u>2,347,800</u> | <u>-</u> | <u>1,413,249</u> | <u>(934,551)</u> | <u>-</u> | <u>(934,551)</u> |
| Business-type Activities: | | | | | | |
| Other | 10,640 | 7,062 | - | - | (3,578) | (3,578) |
| Total Business-type Activities | <u>10,640</u> | <u>7,062</u> | <u>-</u> | <u>-</u> | <u>(3,578)</u> | <u>(3,578)</u> |
| Total Primary Government | <u>\$ 2,358,440</u> | <u>\$ 7,062</u> | <u>\$ 1,413,249</u> | <u>(934,551)</u> | <u>(3,578)</u> | <u>(938,129)</u> |
| General Revenues: | | | | | | |
| Local sources | | | | 310,335 | - | 310,335 |
| State sources | | | | 290,477 | - | 290,477 |
| On-behalf payments - State | | | | 364,458 | - | 364,458 |
| Interest expense | | | | (924) | - | (924) |
| Total General Revenues | | | | <u>964,346</u> | <u>-</u> | <u>964,346</u> |
| Change in net position | | | | 29,795 | (3,578) | 26,217 |
| Net Position - beginning, restated - See Note 15 | | | | (31,200) | 30,814 | (386) |
| Net Position - ending | | | | <u>\$ (1,405)</u> | <u>\$ 27,236</u> | <u>\$ 25,831</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

| | General Fund | Education Fund | Harrisburg Project | Institute Fund | Other Nonmajor Funds | Eliminations | Total Governmental Funds |
|---|------------------|-------------------|-----------------------|-------------------|----------------------------|--------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 2,249 | \$ 54,954 | \$ 33,709 | \$ 54,196 | \$ 10,493 | \$ - | \$ 155,601 |
| Due from other funds | 70,869 | - | 23,494 | - | - | (86,639) | 7,724 |
| Due from other governments: | | | | | | | |
| State | - | 1,809 | - | - | - | - | 1,809 |
| Local | - | 3,635 | - | - | - | - | 3,635 |
| TOTAL ASSETS | \$ 73,118 | \$ 60,398 | \$ 57,203 | \$ 54,196 | \$ 10,493 | \$ (86,639) | \$ 168,769 |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 1,296 | \$ - | \$ 1 | \$ - | \$ - | \$ - | \$ 1,297 |
| Salaries and benefits payable | 10,745 | - | - | - | - | - | 10,745 |
| Due to other funds | 57,894 | 5,444 | - | - | 23,301 | (86,639) | - |
| Due to other governments: | | | | | | | |
| Local | - | 1,896 | - | - | - | - | 1,896 |
| State | - | 1,651 | - | - | - | - | 1,651 |
| Unearned revenue | - | 51,241 | - | - | - | - | 51,241 |
| Loan Payable | 113,000 | - | - | - | - | - | 113,000 |
| Total Liabilities | 182,935 | 60,232 | 1 | - | 23,301 | (86,639) | 179,830 |
| FUND BALANCE (DEFICIT) | | | | | | | |
| Restricted | - | - | 57,202 | 54,196 | 10,487 | - | 121,885 |
| Unassigned | (109,817) | 166 | - | - | (23,295) | - | (132,946) |
| Total fund balances (deficits) | (109,817) | 166 | 57,202 | 54,196 | (12,808) | - | (11,061) |
| TOTAL LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | | | |
| | \$ 73,118 | \$ 60,398 | \$ 57,203 | \$ 54,196 | \$ 10,493 | \$ (86,639) | \$ 168,769 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

| | | |
|--|-----------------|-----------------------|
| Total fund balances-governmental funds | \$ | (11,061) |
| 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. | | 36,015 |
| 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 | \$ 164,967 | |
| Deferred inflows of resources | <u>(9,636)</u> | 155,331 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | | |
| Net pension liability | \$ (149,548) | |
| Compensated absences | <u>(32,142)</u> | <u>(181,690)</u> |
| Net position of governmental activities | \$ | <u><u>(1,405)</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015**

| | General Fund | Education Fund | Harrisburg Project | Institute Fund | Other Nonmajor Funds | Total Governmental Funds |
|--|---------------------------|----------------------|-------------------------|-------------------------|----------------------------|--------------------------------|
| REVENUES | | | | | | |
| State sources | \$ 263,286 | \$334,830 | \$ 717,586 | \$ - | \$ 1,183 | \$ 1,316,885 |
| Federal sources | - | 386,841 | - | - | - | 386,841 |
| Local sources | 282,718 | 166 | - | 21,750 | 5,701 | 310,335 |
| On-behalf payments - State | 237,887 | - | - | - | - | 237,887 |
| Total revenues | <u>783,891</u> | <u>721,837</u> | <u>717,586</u> | <u>21,750</u> | <u>6,884</u> | <u>2,251,948</u> |
| EXPENDITURES | | | | | | |
| Instructional Services: | | | | | | |
| Salaries and benefits | 312,125 | 408,017 | 548,538 | - | 2,358 | 1,271,038 |
| Purchased services | 156,867 | 254,618 | 73,470 | 8,761 | 1,814 | 495,530 |
| Supplies and materials | 54,761 | 14,331 | 12,823 | 67 | 25 | 82,007 |
| Other objects | 8,069 | - | - | - | - | 8,069 |
| Payments to other governments | - | 22,175 | - | - | - | 22,175 |
| Pension expense | 15,177 | 22,530 | 66,619 | - | - | 104,326 |
| On-behalf payments - State | 237,887 | - | - | - | - | 237,887 |
| Capital outlay | - | - | 18,183 | - | - | 18,183 |
| Debt service | | | | | | |
| Interest | 922 | - | - | 2 | - | 924 |
| Total expenditures | <u>785,808</u> | <u>721,671</u> | <u>719,633</u> | <u>8,830</u> | <u>4,197</u> | <u>2,240,139</u> |
| Excess/(Deficiency) of revenues over (under) expenditures | <u>(1,917)</u> | <u>166</u> | <u>(2,047)</u> | <u>12,920</u> | <u>2,687</u> | <u>11,809</u> |
| Net change in fund balances | <u>(1,917)</u> | <u>166</u> | <u>(2,047)</u> | <u>12,920</u> | <u>2,687</u> | <u>11,809</u> |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | <u>(107,900)</u> | <u>-</u> | <u>59,249</u> | <u>41,276</u> | <u>(15,495)</u> | <u>(22,870)</u> |
| FUND BALANCES (DEFICIT), END OF YEAR | <u><u>\$(109,817)</u></u> | <u><u>\$ 166</u></u> | <u><u>\$ 57,202</u></u> | <u><u>\$ 54,196</u></u> | <u><u>\$ (12,808)</u></u> | <u><u>\$ (11,061)</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

| | | |
|--|-----------------|-------------------------|
| Net change in fund balances | \$ | 11,809 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| <p>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.</p> | | |
| Capital outlay | \$ 18,183 | |
| Depreciation | <u>(13,755)</u> | 4,428 |
| <p>Certain expenses reported 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.</p> | | |
| Compensated absences | \$ 348 | |
| Pension expense | <u>13,210</u> | <u>13,558</u> |
| Change in net position of governmental activities | | <u><u>\$ 29,795</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

| | Business-type Activities Enterprise Funds | | | | |
|-----------------------------|--|----------------------------|----------------------------|--------------|-----------|
| | Local Workshops | Lab School Reservations | Nonmajor Fingerprinting | Eliminations | Totals |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 6,060 | \$ - | \$ - | \$ - | \$ 6,060 |
| Due from other funds | 23,186 | - | - | (23,186) | - |
| Due from other governments: | | | | | |
| Local | - | 28,900 | - | - | 28,900 |
| Total current assets | 29,246 | 28,900 | - | (23,186) | 34,960 |
| Total Assets | 29,246 | 28,900 | - | (23,186) | 34,960 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Due to other funds | - | 28,594 | 2,316 | (23,186) | 7,724 |
| Total Liabilities | - | 28,594 | 2,316 | (23,186) | 7,724 |
| Net Position | | | | | |
| Unrestricted | 29,246 | 306 | (2,316) | - | 27,236 |
| Total Net Position | \$ 29,246 | \$ 306 | \$ (2,316) | \$ - | \$ 27,236 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

| | Business-type Activities Enterprise Funds | | | Totals |
|----------------------------------|--|----------------------------|----------------------------|-----------|
| | Local Workshops | Lab School Reservations | Nonmajor Fingerprinting | |
| Operating Revenues | | | | |
| Charges for services | \$ 6,000 | \$ - | \$ 1,062 | \$ 7,062 |
| Operating Expenses | | | | |
| Purchased services | - | - | 2,671 | 2,671 |
| Supplies and materials | 5,444 | - | - | 5,444 |
| Payments to other governments | 2,525 | - | - | 2,525 |
| Total operating expenses | 7,969 | - | 2,671 | 10,640 |
| Change in Net Position | (1,969) | - | (1,609) | (3,578) |
| Net Position, Beginning of year, | 31,215 | 306 | (707) | 30,814 |
| Net Position, End of year | \$ 29,246 | \$ 306 | \$ (2,316) | \$ 27,236 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

| | Business-type Activities | | | Totals |
|---|--------------------------|----------------------------|----------------------------|-------------------|
| | Enterprise Funds | | | |
| | Local Workshops | Lab School Reservations | Nonmajor Fingerprinting | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 6,000 | \$ - | \$ 1,062 | \$ 7,062 |
| Payments to suppliers and providers of goods and services | (8,269) | - | (2,671) | (10,940) |
| Net cash provided by (used for) operating activities | <u>(2,269)</u> | <u>-</u> | <u>(1,609)</u> | <u>(3,878)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Proceeds from (payments to) other governments | - | (31,800) | - | (31,800) |
| Proceeds from other funds | - | 28,594 | 1,609 | 30,203 |
| Payments to other funds | 8,329 | 3,206 | - | 11,535 |
| Net cash provided by (used for) noncapital financing activities | <u>8,329</u> | <u>-</u> | <u>1,609</u> | <u>9,938</u> |
| Net increase (decrease) in cash and cash equivalents | 6,060 | - | - | 6,060 |
| Cash and cash equivalents- Beginning of year | - | - | - | - |
| Cash and cash equivalents- End of year | <u>\$ 6,060</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,060</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | \$ (1,969) | \$ - | \$ (1,609) | \$ (3,578) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Increase/(decrease) in liabilities: | | | | |
| Accounts payable | (300) | - | - | (300) |
| Net cash provided by (used for) operating activities | <u>\$ (2,269)</u> | <u>\$ -</u> | <u>\$ (1,609)</u> | <u>\$ (3,878)</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

| | <u>Agency Fund</u> |
|----------------------------|--------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 171,481 |
| Due from other governments | <u>14,802</u> |
| TOTAL ASSETS | <u><u>\$ 186,283</u></u> |
| LIABILITIES | |
| Due to other governments | <u>\$ 186,283</u> |
| TOTAL LIABILITIES | <u><u>\$ 186,283</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

A. DATE OF MANAGEMENT'S REVIEW

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has evaluated subsequent events through August 8, 2016, the date which the financial statements were available to be issued.

B. REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Concluded)

For the period ended June 30, 2015, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is not aware of any entity, which would exercise such oversight as to result in the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 being considered a component unit of the entity.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. NEW ACCOUNTING PRONOUNCEMENTS

In 2015, the Regional Office of Education #20 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government’s proportionate share of employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

E. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’s activities with most of the interfund activities removed. Governmental activities include programs supported primarily by state and federal grants and other intergovernmental revenues. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has three business-type activities that rely on fees and charges for support.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 accompanied by a total column. These statements are presented on an “economic resources” measurement as prescribed by GASB Statement No. 34. All of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

F. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

G. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for other long-term obligations, which are recognized when paid. 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.

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Concluded)

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

I. FUND ACCOUNTING

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses funds to maintain its financial records during the year. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures or expenses, as appropriate. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 uses governmental, proprietary, and fiduciary funds.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the Regional Office of Education #20. It is used to account for all financial resources in the Region except those required to be accounted and reported for in another fund. The following accounts are included in the General Fund:

Local Lunch/Breakfast – To account for Local monies received to provide free lunches and breakfasts to eligible needy children.

Payroll – This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.

General Budget – This fund is used for the general operation of the Regional Office and to cover expenses that are not paid for by other funds.

Truants Alternative General State Aid – These funds are used to account for the administration of monies to be used for the General State Aid Program.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

Safe Schools State Aid – To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School.

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

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

ROE/ISC General Operations – This fund accounts for grant monies received and expended for general and administrative expenses.

Federal Special Education – Pre-School Discretionary – This fund is used to account for the monies received from the State (federal dollars) to promote increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

Truants Alternative/Optional Education – This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.

Regional Safe Schools – This fund is used to account for the monies received from the State. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.

Title II-Teacher Quality-Leadership Grant –To account for monies passed through to the Professional Development Alliance.

Title II-Teacher Quality –This program is used to account for federal grant monies received for, and payment of, expenditures related to providing teachers and principals training in teacher and principal evaluations.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenues Fund (Concluded)

System of Support – This fund is used to account for the monies received from the State (federal dollars) to provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.

McKinney-Vento Education For Homeless Children and Youth – This fund is used to account for the monies received from the State (federal dollars) for assisting school districts in identifying and providing assistance to at-risk students.

Federal Lunch – This fund is used to account for the monies received from the State (federal dollars) for reimbursement for meals through the school lunch program at the regular price as well as reimbursement of free and reduced-priced meals for students enrolled in the Regional Safe Schools Program.

State Lunch – To account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

Federal Forest Reserve – This fund is used to account for the monies received from the State (federal dollars) for school districts with land in the Shawnee National Forest.

Federal Breakfast – This fund is used to account for the monies received from the State (federal dollars) as well as a small amount of local monies to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.

Harrisburg Project – This fund is used to account for the contract that creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Institute Fund – This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

The Regional Office of Education #20 reports the following Nonmajor Special Revenue Funds:

Bus Driver/Transportation – This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

General Educational Development – To account for the Regional Office of Education’s administration of the GED Testing Program. Revenues are received from testing and diploma fees.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional office of Education #20 reports the following major enterprise funds:

Local Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

Lab School Reservations – To account for the fees received and related disbursements incurred for startup of the lab schools every August.

The Regional Office of Education #20 reports the following nonmajor enterprise fund:

Fingerprinting – To fund accounts for revenues and expenditures associated with fingerprinting conducted by the Regional Office.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Regional Office of Education #20 in a trustee capacity or an agent for individuals, private organizations, other governmental units, and/or other funds.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

School Facility Tax – This fund receives monies from the State Comptroller for the School Facilities Occupation Tax for Saline and Gallatin County school districts. The monies are then forwarded directly to the school districts. The Regional Office of Education #20 has agreements with all entities that receive distributions from this fund to keep all accumulated interest.

Ohio and Wabash Valley Special Education District (OWV) – This fund receives money for the Ohio and Wabash Valley Special Education District. The Regional Office acts as the fiscal agent and distributes the monies upon receipt.

J. GOVERNMENTAL FUND BALANCES

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

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 balance is restricted by grant agreements or contracts: Harrisburg Project. The following funds are restricted by Illinois statute: Institute Fund and Bus Driver/Transportation.

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 that denotes an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Payroll and Truants Alternative General State Aid.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. GOVERNMENTAL FUND BALANCES (Concluded)

Unassigned Fund Balance – the portion of a Governmental Fund’s net position that are available expendable resources in a governmental fund that are not designated for a specific purpose. The following fund balances are unassigned: Local Lunch/Breakfast, General Budget, Safe Schools State Aid, General Educational Development, and Federal Breakfast.

K. NET POSITION

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

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

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

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

L. BUDGETARY DATA

The Regional Office of Education #20 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Truants Alternative/Optional Education, Regional Safe Schools, ROE/ISC General Operations, Federal Special Education – Pre-School Discretionary, Title II-Teacher Quality-Leadership Grant, and Title II-Teacher Quality.

M. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. CAPITAL ASSETS

Capital assets purchased or acquired, with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|---------------|
| Office Equipment and Furniture | 5 - 10 years |
| Computer Equipment | 3 - 5 years |
| Building Improvements | 10 - 20 years |

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

O. COMPENSATED ABSENCES

Employees of the Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as an employee retires or resigns. Accrued but unused vacation time in the amount of \$32,142 is included on the government-wide financial statements at June 30, 2015.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

P. ESTIMATES

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. UNEARNED REVENUE

The Regional Office of Education #20 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

R. REVENUE FROM FEDERAL AND STATE GRANTS

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

A. BANK DEPOSITS

At June 30, 2015, the carrying amount of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's government-wide and agency deposits were \$161,661 and \$171,481, respectively. The government-wide and agency bank balances were \$268,110 and \$161,862, respectively. Of the total bank balances as of June 30, 2015, \$250,000 was secured by federal depository insurance, \$19,751 was invested in Illinois Funds Money Market Funds, and \$92,695 was collateralized by securities pledged by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's financial institution in the name of the Regional Office. The remaining \$67,526 is uncollateralized.

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NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

A. BANK DEPOSITS (Concluded)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education # 20's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral by a written agreement, and held at an independent, third-party institution in the name of the Regional Office of Education #20.

B. INVESTMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. At June 30, 2015, the Regional Office of Education #20 had investments with carrying and fair values of \$19,751 invested in the Illinois Funds Money Market Fund. This amount is included in cash and cash equivalents in the financial statements.

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 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 receipts.

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NOTE 3 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in capital assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

| | <u>Balance</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Balance</u> <u>June 30, 2015</u> |
|--|---------------------------------------|------------------|------------------|------------------|--|
| Governmental Activities: | | | | | |
| Capital Assets being depreciated: | | | | | |
| Improvements other than buildings | \$ 8,437 | \$ - | \$ - | \$ - | \$ 8,437 |
| Machinery and equipment | <u>314,176</u> | <u>18,183</u> | <u>-</u> | <u>-</u> | <u>332,359</u> |
| Total capital assets being depreciated | <u>322,613</u> | <u>18,183</u> | <u>-</u> | <u>-</u> | <u>340,796</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements other than buildings | 13,818 | - | - | - | 13,818 |
| Machinery and equipment | <u>277,208</u> | <u>13,755</u> | <u>-</u> | <u>-</u> | <u>290,963</u> |
| Total accumulated depreciation | <u>291,026</u> | <u>13,755</u> | <u>-</u> | <u>-</u> | <u>304,781</u> |
| Governmental activities capital assets, net | <u>\$ 31,587</u> | <u>\$ 4,428</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 36,015</u> |
| | | | | | |
| | <u>Balance</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>Balance</u> <u>June 30, 2015</u> |
| Business-type Activities: | | | | | |
| Capital Assets being depreciated: | | | | | |
| Improvements other than buildings | \$ 2,182 | \$ - | \$ - | \$ - | \$ 2,182 |
| Machinery and equipment | <u>55,740</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>55,740</u> |
| Total capital assets being depreciated | <u>57,922</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>57,922</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements other than buildings | 2,182 | - | - | - | 2,182 |
| Machinery and equipment | <u>55,740</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>55,740</u> |
| Total accumulated depreciation | <u>57,922</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>57,922</u> |
| Business-type activities capital assets, net | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2015 of \$13,755 and \$0 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND**

Plan Description

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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. 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.

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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

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

| | IMRF |
|--|-------------|
| Retirees and beneficiaries currently receiving benefits | 22 |
| Inactive Plan Members entitled to but not yet receiving benefit: | 32 |
| Active Plan Members | 17 |
| Total | 71 |

Contributions

As set by statute, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's annual contribution rate for calendar year 2014 was 14.87%. For the calendar year 2014, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 contributed \$111,102 to the plan. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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.

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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

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

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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

Actuarial Assumptions (Concluded)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Portfolio Target Percentage</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--|---|
| Domestic Equity | 38% | 7.60% |
| International Equity | 17% | 7.80% |
| Fixed Income | 27% | 3.00% |
| Real Estate | 8% | 6.15% |
| Alternative Investments | 9% | 5.25-8.50% |
| Cash Equivalents | 1% | 2.25% |
| Total | 100% | |

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

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NOTES TO THE FINANCIAL STATEMENTS
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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (Asset) (A) - (B) |
|--|--|--|--|
| Balances at December 31, 2013 | \$ 3,619,978 | \$ 3,584,136 | \$ 35,842 |
| Changes for the year: | | | |
| Service Cost | 86,511 | - | 86,511 |
| Interest on the Total Pension Liability | 269,254 | - | 269,254 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | (9,363) | - | (9,363) |
| Changes of Assumption | 107,697 | - | 107,697 |
| Contributions - Employer | - | 111,102 | (111,102) |
| Contributions - Employees | - | 44,816 | (44,816) |
| Net Investment Income | - | 212,491 | (212,491) |
| Benefit Payments, including Refunds of Employee Contributions | (150,380) | (150,380) | - |
| Other (Net Transfer) | - | (2,806) | 2,806 |
| Net Changes | 303,719 | 215,223 | 88,496 |
| Balances at December 31, 2014 | \$ 3,923,697 | \$ 3,799,359 | \$ 124,338 |

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

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

| | 1% Lower 6.50% | Current Discount 7.50% | 1% Higher 8.50% |
|------------------------------|-------------------|---------------------------|--------------------|
| Net Pension Liability | \$ 715,212 | \$ 124,338 | \$ (332,067) |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Continued)**

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

For the year ended June 30, 2015, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized pension expense of \$91,102. At June 30, 2015, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | | |
| Differences between expected and actual experience | \$ - | \$ 6,165 |
| Changes of assumptions | 70,909 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>43,752</u> | <u>-</u> |
| Total Deferred Amounts to be recognized in pension expense in future periods | 114,661 | 6,165 |
| <i>Pension Contributions made subsequent to the Measurement Date</i> | <u>48,851</u> | <u>-</u> |
| Total Deferred Amounts Related to Pensions | <u><u>\$ 163,512</u></u> | <u><u>\$ 6,165</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**NOTE 4 – RETIREMENT FUND COMMITMENTS – ILLINOIS MUNICIPAL
RETIREMENT FUND (Concluded)**

\$48,851 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:

| Year Ending December 31 | Net Deferred Outflows of Resources |
|------------------------------------|---|
| 2015 | \$ 44,528 |
| 2016 | 42,092 |
| 2017 | 10,938 |
| 2018 | 10,938 |
| 2019 | - |
| Thereafter | - |
| Total | <u>\$ 108,496</u> |

**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS**

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

Benefits provided

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

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20.

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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

On behalf contributions. The State of Illinois makes employer pension contributions on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. For the year ended June 30, 2015, State of Illinois contributions recognized by the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 were based on the State's proportionate share of the collective net pension liability associated with the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized revenue and expenditures of \$126,571 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 \$1,442 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 the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20, there is a statutory requirement for the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 no salaries were paid from federal and special trust funds therefore there were no required employer contributions.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no employer ERO contributions to TRS.

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2015, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 | \$ 25,210 |
| State's proportionate share of the net pension liability associated with the employer | <u>1,572,108</u> |
| Total | <u><u>\$ 1,597,318</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

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

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. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportion was 0.0000414238 percent.

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. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportion of the net pension liability as of June 30, 2013, was based on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20'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, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportion was 0.0000457967 percent.

For the year ended June 30, 2015, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized pension expense of \$126,571 and revenue of \$126,571 for support provided by the State. For the year ended June 30, 2015, Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 recognized pension expense of \$1,455. At June 30, 2015, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

| | 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 investments | - | 1,267 |
| Changes of assumptions | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 2,204 |
| Employer contributions subsequent to the measurement date | 1,442 | - |
| Total | \$ 1,455 | \$ 3,471 |

\$1,442 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 | \$ (849) |
| 2017 | (849) |
| 2018 | (849) |
| 2019 | (849) |
| 2020 | (62) |
| | \$ (3,458) |

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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Continued)**

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.

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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|------------------------------|---|
| 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 | <u>100%</u> | |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**NOTE 5 – RETIREMENT FUND COMMITMENTS - TEACHERS' RETIREMENT
SYSTEM OF THE STATE OF ILLINOIS (Concluded)**

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.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 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%) |
|--|-----------------------|---------------------------------|-----------------------|
| Employer's proportionate share of net pension liability | \$ 31,133 | \$ 25,210 | \$ 20,305 |

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*.

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NOTE 6 – TEACHER HEALTH INSURANCE SECURITY FUND

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of 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.

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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20. State contributions are intended to match contributions to THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$2,605, and the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 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 the Regional Office employees were \$2,103 and \$1,680, respectively.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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NOTE 6 – TEACHER HEALTH INSURANCE SECURITY FUND (Concluded)

Employer contributions to THIS Fund. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 also makes contributions to THIS Fund. The 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 2013, respectively. For the year ended June 30, 2015 the Regional Office of Education #20 paid \$1,941 to the THIS fund. For the years ended June 30, 2014 and 2013, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 paid \$1,561 and \$1,680, to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

NOTE 7 – INTERFUND ACTIVITY

DUE FROM/TO OTHER FUNDS

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

| <u>Fund</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|----------------------|---------------------------------|-------------------------------|
| Education Fund | \$ - | \$ 5,444 |
| Proprietary Funds | 23,186 | 30,910 |
| Harrisburg Project | 23,494 | - |
| Other Nonmajor Funds | - | 23,301 |
| General Fund | 70,869 | 57,894 |
| | <u>\$ 117,549</u> | <u>\$ 117,549</u> |

TRANSFERS

At June 30, 2015 there were no interfund transfers in/out to other fund balances.

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NOTE 8 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

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

NOTE 9 – RISK MANAGEMENT

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 10 – OPERATING LEASE

The Regional Office of Education #20 leases its office facilities. The lease term is from August 1, 2012 to June 30, 2015. The agreement was renewed for another three years beginning August 1, 2015 with the same terms. The monthly rental payments are \$2,410 under the lease. The Regional Office of Education #20 is responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to the Harrisburg Project. Sublease income was \$16,545 for the year ended June 30, 2015.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from August 1, 2012 through June 30, 2015. The lease was renewed for another three years beginning August 1, 2015 with the terms remaining the same. The monthly rental payments under the lease are \$1,550 per month.

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NOTE 10 – OPERATING LEASE (Concluded)

The Regional Office of Education #20 leases office space for an Alternative School in Mill Shoals, Illinois. The lease term is from July 1, 2014 through June 30, 2015. The lease was renewed for one additional year all terms remaining the same. The monthly rental payments under the lease are \$500 per month.

During the year ended June 30, 2015, rentals under lease obligations were \$53,520.

Future minimum rentals for the years ending June 30 are:

| Years Ending June 30, | Amount |
|--------------------------|-------------------|
| 2016 | \$ 53,520 |
| 2017 | 47,520 |
| 2018 | 47,520 |
| 2019 | 3,960 |
| 2020 | - |
| Total | <u>\$ 152,520</u> |

NOTE 11 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries and benefits on behalf of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20:

| | |
|---|-------------------|
| Regional Superintendent Salary | \$ 106,356 |
| Assistant Regional Superintendent Salary | 95,724 |
| Regional Superintendent Fringe Benefit (Includes State paid insurance) | 31,814 |
| Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance) | 1,388 |
| THIS Contributions | <u>2,605</u> |
| Total | <u>\$ 237,887</u> |

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

The Regional Office of Education #20 also recorded \$126,571 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #20 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

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NOTE 11 – ON BEHALF PAYMENTS (Concluded)

| | |
|--|------------|
| State of Illinois on-behalf payments | \$ 237,887 |
| ROE #20's share of TRS pension expense | 126,571 |
| | \$ 364,458 |

NOTE 12 – LINE OF CREDIT

The Regional Office of Education #20 has a line of credit for \$113,000, which carries an interest rate of 3.50 percent, matures on October 1, 2015 and is unsecured. As of June 30, 2015, the balance drawn on the line was \$113,000.

NOTE 13 – DUE FROM/TO OTHER GOVERNMENTS

The Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties Regional Office of Education #20's Education Fund, Proprietary Fund, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

| | |
|-----------------------------------|-----------|
| Education Fund | |
| Illinois State Board of Education | \$ 1,809 |
| Local Governments | 3,635 |
| Proprietary Fund | |
| Local Governments | 28,900 |
| Agency Funds | |
| Local Governments | 14,802 |
| | \$ 49,146 |

Due To Other Governments:

| | |
|-----------------------------------|------------|
| Education Fund | |
| Illinois State Board of Education | \$ 1,651 |
| Local school districts | 1,896 |
| Agency Funds | |
| Local Governments | 186,283 |
| | \$ 189,830 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

Plan Description. The Regional Office of Education #20 has a fully-insured, experience rated health plan (Plan) through Blue Cross Blue Shield.

Funding Policy. The Regional Office of Education #20 funds the Plan on a “pay-as-you-go cash basis”. The Regional Office implicitly subsidizes the retiree health care coverage. In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees equals the implicit subsidy.

The Regional Office of Education #20 requires retirees to pay 100 percent, of the contribution for coverage for retirees and their spouses. Because of this, for actuarial purposes, there is no explicit subsidy. As of August 1, 2014, monthly medical premiums for the Plan are \$563 for the employee only and \$1,171 for the employee and spouse.

| | <u>Premium Rate</u> | <u>Explicit Subsidy</u> | <u>Per Capita Cost</u> | <u>Implicit Subsidy</u> |
|---------|-------------------------|-----------------------------|----------------------------|-----------------------------|
| Retiree | \$ 563 | \$ - | \$ 891 | \$ 328 |
| Spouse | 608 | - | 891 | 283 |

The Plan’s actuary has determined that as of June 30, 2014 the Unfunded Actuarial Accrued Liability (UAAL) for Other Post Employment Benefits (OPEB) is \$28,293, which is 2.7% of covered payroll. That actuary has further determined that the Annual Required Contribution (ARC), determined in accordance with the parameters of GASB Statement No. 45, is \$3,066. This amount has not been recorded as a liability in the Regional Office of Education #20’s accounting records. The annual OPEB cost less employer contributions for the year ended June 30, 2015 is \$3,066. The Regional Office of Education #20 has made no prior contributions to the Plan.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

The Regional Office of Education #20 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$(7,427). Because the pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 15 – PRIOR PERIOD ADJUSTMENT (Concluded)

| <u>Governmental Activities Net Position</u> | |
|--|---------------------------|
| Net Position, July 1, 2014 | \$ (23,773) |
| Effect of of recognizing deferred outflows, inflows and net pension liability | <u>(7,427)</u> |
| Net Position, July 1, 2014, Restated | <u><u>\$ (31,200)</u></u> |

NOTE 16 – DEFICIT FUND BALANCES

The following funds are presenting negative fund balances.

| <u>Funds with Deficit Fund Balance</u> | <u>Deficit Balance</u> |
|--|--------------------------|
| Local Lunch/Breakfast | \$ 2,321 |
| General Budget | 155,406 |
| Safe Schools State Aid | 16,160 |
| Fingerprinting | 2,316 |
| General Educational Development | <u>23,295</u> |
| | <u><u>\$ 199,498</u></u> |

NOTE 17 – 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, Hamilton County will be included in the Regional Office of Education #20.

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

| Calendar Year Ended December 31, | <u>2014</u> |
|---|----------------------------|
| Total Pension Liability | |
| Service Cost | \$ 86,511 |
| Interest on the Total Pension Liability | 269,254 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | (9,363) |
| Changes of Assumptions | 107,697 |
| Benefit Payments, including Refunds of Employee Contributions | (150,380) |
| Net Change in Total Pension Liability | <u>\$ 303,719</u> |
| Total Pension Liability - Beginning | <u>3,619,978</u> |
| Total Pension Liability - Ending (A) | <u><u>\$ 3,923,697</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 111,102 |
| Contributions - Employees | 44,816 |
| Net Investment Income | 212,491 |
| Benefit Payments, including Refunds of Employee Contributions | (150,380) |
| Other (Net Transfer) | (2,806) |
| Net Change in Plan Fiduciary Net Position | <u>\$ 215,223</u> |
| Plan Fiduciary Net Position - Beginning | <u>3,584,136</u> |
| Plan Fiduciary Net Position - Ending (B) | <u><u>\$ 3,799,359</u></u> |
| Net Pension Liability - Ending (A) - (B) | <u><u>\$ 124,338</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 96.83% |
| Covered Valuation Payroll | \$ 747,000 |
| Net Pension Liability as a Percentage of Covered Valuation Payroll | 16.64% |

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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

| Calendar Year Ended December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Valuation Payroll | Actual Contribution as a % of Covered Valuation Payroll |
|---|---|------------------------|--|---------------------------------|---|
| 2014 | \$ 105,178 | \$ 111,102 | \$ (5,924) | \$ 747,000 | 14.87% |

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:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 29-year closed period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 4%
Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
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**

| | |
|---|---------------------|
| Employer's proportion of the net pension liability | 0.0000414238% |
| Employer's proportionate share of the net pension liability | \$ 25,210 |
| State's proportionate share of the net pension liability associated with the employer | 1,572,108 |
| Total | <u>\$ 1,597,318</u> |
| Employer's covered-employee payroll | \$ 216,798 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 11.6% |
| Plan fiduciary net position as a percentage of the total pension liability | 43.0% |
| <i>* The amounts presented were determined as of the prior fiscal-year end.</i> | |

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

| | June 30, | |
|--|-----------------|-----------------|
| | 2015 | 2014 |
| Contractually-required contribution | \$ 1,481 | \$ 1,257 |
| Contributions in relation to the contractually-required contribution | - | 1,361 |
| Contribution deficiency (excess) | <u>\$ 1,481</u> | <u>\$ (104)</u> |
| Employer's covered-employee payroll | \$ 255,371 | \$ 216,798 |
| Contributions as a percentage of covered-employee payroll | 0.0% | 0.6% |

Notes to Schedule

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.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
JUNE 30, 2015**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 7/1/14 | \$ - | \$ 28,293 | 28,293 | 0.00% | \$ 1,054,650 | 2.7% |
| 7/1/13 | - | 153,517 | 153,517 | 0.00% | 1,045,734 | 14.7% |
| 7/1/12 | - | 125,602 | 125,602 | 0.00% | 1,015,276 | 12.4% |

SUPPLEMENTAL INFORMATION

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

| | Local Lunch / Breakfast | Payroll | General Budget | Truants Alternative General State Aid | Safe Schools State Aid | Totals |
|---|-------------------------------|-----------------|-------------------|--|---------------------------|------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,175 | \$ - | \$ - | \$ 74 | \$ 2,249 |
| Due from other funds | - | - | 2,431 | 68,012 | 426 | 70,869 |
| Total Assets | <u>\$ -</u> | <u>\$ 2,175</u> | <u>\$ 2,431</u> | <u>\$ 68,012</u> | <u>\$ 500</u> | <u>\$ 73,118</u> |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 1,296 | \$ - | \$ - | \$ 1,296 |
| Salaries and benefits payable | - | - | - | 6,117 | 4,628 | 10,745 |
| Due to other funds | 2,321 | - | 43,541 | - | 12,032 | 57,894 |
| Unearned revenue | - | - | - | - | - | - |
| Loans payable | - | - | 113,000 | - | - | 113,000 |
| Total Liabilities | <u>2,321</u> | <u>-</u> | <u>157,837</u> | <u>6,117</u> | <u>16,660</u> | <u>182,935</u> |
| Fund Balance (Deficit) | | | | | | |
| Assigned | - | 2,175 | - | 61,895 | - | 64,070 |
| Unassigned | (2,321) | - | (155,406) | - | (16,160) | (173,887) |
| Total Fund Balance (Deficit) | <u>(2,321)</u> | <u>2,175</u> | <u>(155,406)</u> | <u>61,895</u> | <u>(16,160)</u> | <u>(109,817)</u> |
| Total Liabilities and Fund Balance (Deficit) | <u>\$ -</u> | <u>\$ 2,175</u> | <u>\$ 2,431</u> | <u>\$ 68,012</u> | <u>\$ 500</u> | <u>\$ 73,118</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2015**

| | Local Lunch / Breakfast | Payroll | General Budget | Truants Alternative General State Aid | Safe Schools State Aid | Totals |
|--|-------------------------------|----------|-------------------|--|---------------------------|----------------|
| Revenues | | | | | | |
| State sources | \$ - | \$ - | \$ - | \$ 146,525 | \$ 116,761 | \$ 263,286 |
| Local sources | - | - | 254,589 | 10,944 | 17,185 | 282,718 |
| On-behalf payments -State | - | - | 237,887 | - | - | 237,887 |
| Total Revenues | - | - | 492,476 | 157,469 | 133,946 | 783,891 |
| Expenditures | | | | | | |
| Salaries and benefits | - | - | 133,158 | 104,913 | 74,054 | 312,125 |
| Purchased services | - | - | 99,320 | 37,669 | 19,878 | 156,867 |
| Supplies and materials | - | - | 12,624 | 29,938 | 12,199 | 54,761 |
| Other objects | - | - | 8,069 | - | - | 8,069 |
| Pension Expense | - | - | 13,520 | 1,504 | 153 | 15,177 |
| Payments to other governments | - | - | - | - | - | - |
| On-behalf payments - State | - | - | 237,887 | - | - | 237,887 |
| Debt service: | | | | | | |
| Interest | - | - | 922 | - | - | 922 |
| Total Expenditures | - | - | 505,500 | 174,024 | 106,284 | 785,808 |
| Excess/(Deficiency) of revenues over (under) expenditures | - | - | (13,024) | (16,555) | 27,662 | (1,917) |
| Net change in fund balance | - | - | (13,024) | (16,555) | 27,662 | (1,917) |
| Fund Balance (Deficit), Beginning of year | (2,321) | 2,175 | (142,382) | 78,450 | (43,822) | (107,900) |
| Fund Balance (Deficit), End of year | \$ (2,321) | \$ 2,175 | \$ (155,406) | \$ 61,895 | \$ (16,160) | \$ (109,817) |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

| | ROE/ISC General Operations | Federal Special Education - Pre-School Discretionary | Truants Alternative/ Optional Education | Regional Safe Schools | Title II Teacher Quality - Leadership Grant | Title II- Teacher Quality |
|---|----------------------------------|--|--|-----------------------------|--|---------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ 22,890 | \$ 15,249 | \$ 2,830 | \$ - | \$ - |
| Due from other governments | | | | | | |
| State | - | - | - | - | 1,809 | - |
| Local | - | - | - | - | - | - |
| Total Assets | \$ - | \$ 22,890 | \$ 15,249 | \$ 2,830 | \$ 1,809 | \$ - |
| Liabilities | | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ 1,809 | \$ - |
| Due to other governments: | | | | | | |
| Local | - | - | - | - | - | - |
| State | - | - | - | - | - | - |
| Unearned revenue | - | 22,890 | 15,249 | 2,830 | - | - |
| Total Liabilities | - | 22,890 | 15,249 | 2,830 | 1,809 | - |
| Fund Balance (Deficit) | | | | | | |
| Unassigned | - | - | - | - | - | - |
| Total Fund Balance (Deficit) | - | - | - | - | - | - |
| Total Liabilities and Fund Balance (Deficit) | \$ - | \$ 22,890 | \$ 15,249 | \$ 2,830 | \$ 1,809 | \$ - |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

| | System of Support | McKinney-Vento Education for Homeless Children and Youth | Federal Lunch | State Lunch | Federal Forest Reserve | Federal Breakfast | Totals |
|---|----------------------|---|------------------|----------------|------------------------------|----------------------|------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,980 | \$ 5,276 | \$ - | \$ 1,896 | \$ 3,833 | \$ 54,954 |
| Due from other governments | | | | | | | |
| State | - | - | - | - | - | - | 1,809 |
| Local | 3,635 | - | - | - | - | - | 3,635 |
| Total Assets | \$ 3,635 | \$ 2,980 | \$ 5,276 | \$ - | \$ 1,896 | \$ 3,833 | \$ 60,398 |
| Liabilities | | | | | | | |
| Due to other funds | \$ 3,635 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,444 |
| Due to other governments: | | | | | | | |
| Local | - | - | - | - | 1,896 | - | 1,896 |
| State | - | - | - | - | - | 1,651 | 1,651 |
| Unearned revenue | - | 2,980 | 5,276 | - | - | 2,016 | 51,241 |
| Total Liabilities | 3,635 | 2,980 | 5,276 | - | 1,896 | 3,667 | 60,232 |
| Fund Balance (Deficit) | | | | | | | |
| Unassigned | - | - | - | - | - | 166 | 166 |
| Total Fund Balance (Deficit) | - | - | - | - | - | 166 | 166 |
| Total Liabilities and Fund Balance (Deficit) | \$ 3,635 | \$ 2,980 | \$ 5,276 | \$ - | \$ 1,896 | \$ 3,833 | \$ 60,398 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

| | ROE/ISC General Operations | Federal Special Education - Pre-school Discretionary | Truants Alternative/ Optional Education | Regional Safe Schools | Title II- Teacher Quality- Leadership Grant | Title II- Teacher Quality |
|---|----------------------------------|--|--|-----------------------------|---|---------------------------------|
| Revenues | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 62,669 | - | 215,754 | 56,140 | - | - |
| Federal sources | - | 327,110 | - | - | 2,309 | 591 |
| Total Revenues | <u>62,669</u> | <u>327,110</u> | <u>215,754</u> | <u>56,140</u> | <u>2,309</u> | <u>591</u> |
| Expenditures | | | | | | |
| Salaries and benefits | 55,494 | 117,075 | 175,785 | 53,427 | - | - |
| Purchased services | 524 | 193,575 | 17,063 | 1,823 | 2,200 | 591 |
| Supplies and materials | - | 5,502 | - | - | 109 | - |
| Pension expense | 6,651 | 10,958 | 3,223 | 890 | - | - |
| Payments to other governments | - | - | 19,683 | - | - | - |
| Total Expenditures | <u>62,669</u> | <u>327,110</u> | <u>215,754</u> | <u>56,140</u> | <u>2,309</u> | <u>591</u> |
| Excess/(Deficiency) of revenue over (under) expenditures and change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, Beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance (Deficit), End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

| | System of Support | McKinney-Vento Education for Homeless Children and Youth | Federal Lunch | State Lunch | Federal Forest Reserve | Federal Breakfast | Totals |
|---|----------------------|---|------------------|----------------|------------------------------|----------------------|----------------|
| Revenues | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 166 | \$ 166 |
| State sources | - | - | - | 267 | - | - | 334,830 |
| Federal sources | 17,977 | 12,905 | 14,887 | - | 2,492 | 8,570 | 386,841 |
| Total Revenues | 17,977 | 12,905 | 14,887 | 267 | 2,492 | 8,736 | 721,837 |
| Expenditures | | | | | | | |
| Salaries and benefits | - | 6,236 | - | - | - | - | 408,017 |
| Purchased services | 16,576 | 2,201 | 14,427 | 267 | - | 5,371 | 254,618 |
| Supplies and materials | 1,401 | 3,660 | 460 | - | - | 3,199 | 14,331 |
| Pension expense | - | 808 | - | - | - | - | 22,530 |
| Payments to other governments | - | - | - | - | 2,492 | - | 22,175 |
| Total Expenditures | 17,977 | 12,905 | 14,887 | 267 | 2,492 | 8,570 | 721,671 |
| Excess/(Deficiency) of revenue over (under) expenditures and change in fund balance | - | - | - | - | - | 166 | 166 |
| Fund Balance, Beginning of year | - | - | - | - | - | - | - |
| Fund Balance (Deficit), End of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 166 | \$ 166 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC GENERAL OPERATIONS
For the Year Ended June 30, 2015**

| | Budgeted Amounts | | Actual Amounts |
|---------------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| Revenues | | | |
| State sources | \$ 62,669 | \$ 62,669 | \$ 62,669 |
| Total revenues | <u>62,669</u> | <u>62,669</u> | <u>62,669</u> |
| Expenditures | | | |
| Salaries and benefits | 62,669 | 62,669 | 55,494 |
| Pension expense | - | - | 6,651 |
| Purchased services | - | - | 524 |
| Total Expenditures | <u>62,669</u> | <u>62,669</u> | <u>62,669</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund Balance, Beginning of year | | | <u>-</u> |
| Fund Balance, End of year | | | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
FEDERAL SPECIAL EDUCATION – PRE-SCHOOL DISCRETIONARY
For the Year Ended June 30, 2015**

| | Budgeted Amounts | | Actual Amounts |
|---------------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| Revenues | | | |
| Federal sources | \$ 350,000 | \$ 350,000 | \$ 327,110 |
| Total Revenues | <u>350,000</u> | <u>350,000</u> | <u>327,110</u> |
| Expenditures | | | |
| Salaries and benefits | 147,934 | 125,513 | 117,075 |
| Pension expense | - | - | 10,958 |
| Purchased services | 195,910 | 218,331 | 193,575 |
| Supplies and materials | 6,156 | 6,156 | 5,502 |
| Total Expenditures | <u>350,000</u> | <u>350,000</u> | <u>327,110</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund Balance, Beginning of year | | | <u>-</u> |
| Fund Balance, End of year | | | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2015**

| | Budgeted Amounts | | Actual Amounts |
|---------------------------------|------------------|----------------|-------------------|
| | Original | Final | |
| Revenues | | | |
| State sources | \$ 236,320 | \$ 231,003 | \$ 215,754 |
| Total Revenues | <u>236,320</u> | <u>231,003</u> | <u>215,754</u> |
| Expenditures | | | |
| Salaries and benefits | 232,466 | 193,223 | 175,785 |
| Purchased services | 3,854 | 18,097 | 17,063 |
| Pension expense | - | - | 3,223 |
| Payments to other governments | - | 19,683 | 19,683 |
| Total Expenditures | <u>236,320</u> | <u>231,003</u> | <u>215,754</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund Balance, Beginning of year | | | <u>-</u> |
| Fund Balance, End of year | | | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2015**

| | Budgeted Amounts | | Actual Amounts |
|---------------------------------|------------------|---------------|-------------------|
| | Original | Final | |
| Revenues | | | |
| State sources | \$ 62,456 | \$ 61,051 | \$ 56,140 |
| Total Revenues | <u>62,456</u> | <u>61,051</u> | <u>56,140</u> |
| Expenditures | | | |
| Salaries and benefits | 61,836 | 59,423 | 53,427 |
| Purchased services | 620 | 1,628 | 1,823 |
| Pension expense | - | - | 890 |
| Total Expenditures | <u>62,456</u> | <u>61,051</u> | <u>56,140</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund Balance, Beginning of year | | | <u>-</u> |
| Fund Balance, End of year | | | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II-TEACHER QUALITY-LEADERSHIP GRANT
For the Year Ended June 30, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> |
|---|-------------------------|--------------|---------------------------|
| | <u>Original</u> | <u>Final</u> | |
| Revenues | | | |
| Federal sources | \$ 2,607 | \$ 2,607 | \$ 2,309 |
| Total Revenues | <u>2,607</u> | <u>2,607</u> | <u>2,309</u> |
| Expenditures | | | |
| Purchased services | 2,477 | 2,477 | 2,200 |
| Supplies and materials | 130 | 130 | 109 |
| Total Expenditures | <u>2,607</u> | <u>2,607</u> | <u>2,309</u> |
| Excess/Deficiency of revenues over (under) expenditures | - | - | |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund Balance, Beginning of year | | | <u>-</u> |
| Fund Balance, End of year | | | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II-TEACHER QUALITY
For the Year Ended June 30, 2015**

| | Budgeted Amounts | | Actual Amounts |
|---|------------------|-------------|-------------------|
| | Original | Final | |
| Revenues | | | |
| Federal sources | \$ 584 | \$ 555 | \$ 591 |
| Total Revenues | <u>584</u> | <u>555</u> | <u>591</u> |
| Expenditures | | | |
| Purchased services | 584 | 555 | 591 |
| Total Expenditures | <u>584</u> | <u>555</u> | <u>591</u> |
| Excess/Deficiency of revenues over (under) expenditures | - | - | |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | - |
| Fund Balance, Beginning of year | | | <u>-</u> |
| Fund Balance, End of year | | | <u>\$ -</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

| | General Educational Development | Bus Driver/ Transportation | Totals |
|--|---------------------------------------|-------------------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ 10,493 | \$ 10,493 |
| Total Assets | <u>\$ -</u> | <u>\$ 10,493</u> | <u>\$ 10,493</u> |
| Liabilities | | | |
| Due to other funds | \$ 23,295 | \$ 6 | \$ 23,301 |
| Total Liabilities | <u>23,295</u> | <u>6</u> | <u>23,301</u> |
| Fund Balance (Deficit) | | | |
| Restricted | - | 10,487 | 10,487 |
| Unassigned | <u>(23,295)</u> | <u>-</u> | <u>(23,295)</u> |
| Total Fund Balance (Deficit) | <u>(23,295)</u> | <u>10,487</u> | <u>(12,808)</u> |
| Total Liabilities and Fund Balance (Deficit) | <u>\$ -</u> | <u>\$ 10,493</u> | <u>\$ 10,493</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015**

| | General Educational Development | Bus Driver/ Transportation | Totals |
|---|---------------------------------------|-------------------------------|--------------------|
| Revenues | | | |
| State sources | \$ - | \$ 1,183 | \$ 1,183 |
| Local sources | 3,188 | 2,513 | 5,701 |
| Total Revenues | <u>3,188</u> | <u>3,696</u> | <u>6,884</u> |
| Expenditures | | | |
| Salaries and benefits | - | 2,358 | 2,358 |
| Purchased services | 553 | 1,261 | 1,814 |
| Supplies and materials | 13 | 12 | 25 |
| Total Expenditures | <u>566</u> | <u>3,631</u> | <u>4,197</u> |
| Net change in fund balance | 2,622 | 65 | 2,687 |
| Fund Balance (Deficit), Beginning of year | (25,917) | 10,422 | (15,495) |
| Fund Balance (Deficit), End of year | <u>\$ (23,295)</u> | <u>\$ 10,487</u> | <u>\$ (12,808)</u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
June 30, 2015**

| | <u>School Facility</u> | <u>OWV</u> | <u>Totals</u> |
|----------------------------|----------------------------|-------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 161,481 | \$ 10,000 | \$ 171,481 |
| Due from other governments | - | 14,802 | 14,802 |
| TOTAL ASSETS | <u><u>\$ 161,481</u></u> | <u><u>\$ 24,802</u></u> | <u><u>\$ 186,283</u></u> |
| LIABILITIES | | | |
| Due to other governments | <u>\$ 161,481</u> | <u>\$ 24,802</u> | <u>\$ 186,283</u> |
| TOTAL LIABILITIES | <u><u>\$ 161,481</u></u> | <u><u>\$ 24,802</u></u> | <u><u>\$ 186,283</u></u> |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
For the Year Ended June 30, 2015**

| | Balance 07/01/14 | Additions | Deductions | Balance 06/30/15 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| <i>School Facility Tax</i> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 2,016,137 | \$ 1,854,656 | \$ 161,481 |
| TOTAL ASSETS | \$ - | \$ 2,016,137 | \$ 1,854,656 | \$ 161,481 |
| LIABILITIES | | | | |
| Due to other governments | \$ - | \$ 2,016,137 | \$ 1,854,656 | \$ 161,481 |
| TOTAL LIABILITIES | \$ - | \$ 2,016,137 | \$ 1,854,656 | \$ 161,481 |
| <i>OWV</i> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 609,729 | \$ 599,729 | \$ 10,000 |
| Due from other governments | - | 14,802 | - | 14,802 |
| TOTAL ASSETS | \$ - | \$ 624,531 | \$ 599,729 | \$ 24,802 |
| LIABILITIES | | | | |
| Due to other governments | \$ - | \$ 624,531 | \$ 599,729 | \$ 24,802 |
| TOTAL LIABILITIES | \$ - | \$ 624,531 | \$ 599,729 | \$ 24,802 |
| <i>Totals</i> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 2,625,866 | \$ 2,454,385 | \$ 171,481 |
| Due from other governments | - | 14,802 | - | 14,802 |
| TOTAL ASSETS | \$ - | \$ 2,640,668 | \$ 2,454,385 | \$ 186,283 |
| LIABILITIES | | | | |
| Due to other governments | \$ - | \$ 2,640,668 | \$ 2,454,385 | \$ 186,283 |
| TOTAL LIABILITIES | \$ - | \$ 2,640,668 | \$ 2,454,385 | \$ 186,283 |

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER
ENTITIES
SCHOOL FACILITY TAX
For the Year Ended June 30, 2015**

| District | Saline and Gallatin Counties School Facility Occupation Tax |
|---------------------------------|--|
| Carrier Mills Stonefort CUSD #2 | \$ 191,287 |
| Eldorado CUSD #4 | 527,553 |
| Galatia CUSD #1 | 177,041 |
| Gallatin County CUSD #7 | 3,975 |
| Harrisburg CUSD #3 | 954,800 |
| | \$ 1,854,656 |