

**STATE OF ILLINOIS  
MADISON COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 41**

**FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 2015**

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**

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**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Dr. Robert A. Daiber

Assistant Regional Superintendent  
(current and during the audit period)

Mr. Andrew Reinking

Office is located at:

157 N. Main Street, Ste 438  
Edwardsville, Illinois 62025-1966

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
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**

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

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

**SCHEDULE OF FINDINGS AND RESPONSES**

Item No.	Page	Description	Finding Type
<i>FINDING (GOVERNMENT AUDITING STANDARDS)</i>			
2015-001	10	Improper Recording of Unearned Revenues	Significant Deficiency
<i>PRIOR FINDING NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2014-001	13	Improper Recording of Cash	Significant Deficiency

**EXIT CONFERENCE**

The Regional Office of Education No. 41 waived having an exit conference in a letter dated June 30, 2016 from Dennis Brueggemann, Administrative Assistant for Finance.

The response to the recommendation was provided by Dennis Brueggemann, Administrative Assistant for Finance, in a letter dated June 23, 2016.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Madison County Regional Office of Education No. 41 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, 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 Matter**

As discussed in Note 13 to the financial statements, in Fiscal Year 2015, ROE No. 41 adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The ROE No. 41's financial statements have been restated as of July 1, 2014 due to adoption of GASB Statement Nos. 68 and 71. Our opinion is 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 on pages 14 through 21, Schedule of the Employer's Proportionate Share of the Net Pension Liability - Teachers' Retirement System of the State of Illinois on page 60, Schedule of Employer Contributions - Teachers' Retirement System of the State of Illinois on page 60, Post Employment Benefits Other Than Pensions - Schedule of Funding Progress on page 61 and Post Employment Benefits Other Than Pensions - Schedule of Employer Contributions on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison County Regional Office of Education No. 41's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2016 on our consideration of the Madison County Regional Office of Education No. 41's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison County Regional Office of Education No. 41's internal control over financial reporting and compliance.

*E. C. Dutz & Co., LLP*

Chicago, Illinois  
July 21, 2016



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison County Regional Office of Education No. 41, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Madison County Regional Office of Education No. 41's basic financial statements, and have issued our report thereon dated July 21, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Madison County Regional Office of Education No. 41's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Regional Office of Education No. 41's internal control.

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

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

However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2015-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Madison County Regional Office of Education No. 41's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Madison County Regional Office of Education No. 41's Response to the Finding**

The Madison County Regional Office of Education No. 41's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Madison County Regional Office of Education No. 41's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison County Regional Office of Education No. 41'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 Madison County Regional Office of Education No. 41's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*E. C. Ortiz & Co., LLP*

Chicago, Illinois  
July 21, 2016

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I - SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   ✓   No
- Significant deficiency(ies) identified   ✓   Yes        None reported

Noncompliance material to financial statements noted?        Yes   ✓   No

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**SECTION II - FINANCIAL STATEMENT FINDING**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**FINDING NO. 2015-001 - Improper Recording of Unearned Revenues**

*Criteria/Specific Requirement:*

Paragraph 19 of the Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, states that providers of resources in voluntary nonexchange transactions frequently establish eligibility requirements. Eligibility requirements are conditions established by the provider that are required to be met before a transaction (other than the provision of cash in advance) can occur. That is, until those requirements are met, the provider does not have a liability, the recipient does not have a receivable, and expenses or revenues for resources transmitted in advance should not be recognized until those eligibility requirements are met. Also, generally accepted accounting principles (GAAP) require the recognition of a liability for revenues received in advance.

*Condition:*

The ROE No. 41 recorded a total of \$200,000 in revenues representing payment from a grantor under the Venice Early Care program, a new State grant in FY 2015. Of this amount, only \$64,808 was expended in FY 2015. As of June 30, 2015, the total unexpended amount of \$135,192 represents advances received from the grantor which should have been recognized as a liability rather than revenues at fiscal year-end. Upon auditor's notification, the ROE No. 41 made the necessary correction to its financial statements.

*Effect:*

The ROE No. 41's total revenues were overstated by \$135,192 while unearned revenues were understated by the same amount. Failure to properly record transactions at fiscal year-end may result in inaccurate financial statements.

*Cause:*

According to management, ROE No. 41 received a \$200,000 grant that was determined to be a voluntary nonexchange transaction during fiscal year 2015. Since ROE No. 41 felt the eligibility requirements to receive the grant were met, the revenue was recognized, in what ROE No. 41 believed to be, in accordance with GASB Statement No. 33.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II - FINANCIAL STATEMENT FINDING  
FOR THE YEAR ENDED JUNE 30, 2015**

**FINDING NO. 2015-001 - Improper Recording of Unearned Revenues (Continued)**

*Auditors' Recommendation:*

We recommend the ROE No. 41 ensure all transactions are properly accounted and recorded for accurate financial reporting. If necessary, accounting and reporting guidance should be obtained from technical resources to be in conformity with GAAP.

*Management's Response:*

Management agrees with the finding.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDING  
FOR THE YEAR ENDED JUNE 30, 2015**

**FINDING NO. 2015-001 - Improper Recording of Unearned Revenues**

*Condition:*

The ROE No. 41 recorded a total of \$200,000 in revenues representing payment from a grantor under the Venice Early Care program, a new State grant in FY 2015. Of this amount, only \$64,808 was expended in FY 2015. As of June 30, 2015, the total unexpended amount of \$135,192 represents advances received from the grantor which should have been recognized as a liability rather than revenues at fiscal year-end. Upon auditor's notification, the ROE No. 41 made the necessary correction to its financial statements.

*Plan:*

ROE No. 41 adjusted the fiscal year 2015 books to correct the misclassification. The entry was also reflected in the audited financial statements. ROE No. 41 obtained accounting and reporting guidance from technical resources to ensure conformity with GAAP.

*Anticipated Date of Completion:*

Completed.

*Name of Contact Person:*

Dennis Brueggemann, Administrative Assistant for Finance

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING  
FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2014-001	Improper Recording of Cash	Not Repeated

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

As management of Madison County Regional Office of Education No. 41 (ROE No. 41), we offer readers a review of our financial statements and an analysis of the financial activities of the ROE No. 41 for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with ROE No. 41's financial statements, which follow this section.

**2015 Financial Highlights**

- The assets and deferred outflows of resources of the ROE No. 41 exceeded its liabilities and deferred inflows of resources by \$728,821 (total net position).
- Charges for services for the governmental activities decreased by \$120,653 or 16% and the business-type activities increased by \$22,666 or 13% in FY 2015. The decrease in governmental activities resulted from a decrease in the tuition paid by school districts for students enrolled in the Lighthouse Educational Assistance Program and the Educational Therapy Center Day Program during FY 2015. The slight increase in business-type activities was due to a full-year of fingerprinting and testing services provided in FY 2015.
- Operating grant monies received by ROE No. 41 significantly increased in comparison to the prior year due to the receipt of grant money for the Venice Early Care program and an increase in funding for the following grants: Foundation Services, McKinney - Vento Homeless Children, Technology Hub, and School Improvement. Total revenues from operating grants increased by \$238,318 or 26%.
- Total expenses did not significantly change in comparison to the prior year. Total expenses decreased by \$1,556 or .04%.

**Overview of the Financial Statements**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 41's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the ROE No. 41 as a whole and present an overall view of the ROE No. 41's finances.
- *Fund financial statements* illustrate how governmental services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the ROE No. 41's operations in more detail than the government-wide statements by providing information about the most significant funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

- *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 other supplementary information includes combining financial statements and budgetary information for certain General Fund accounts, Education Fund accounts and other non-major funds.

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

The government-wide financial statements are designed to provide readers with a broad overview of ROE No. 41’s finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of ROE No. 41’s assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of ROE No. 41 is improving or deteriorating.

The Statement of Activities presents information showing how ROE No. 41’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, ROE No. 41’s activities are divided into two categories:

- *Governmental activities:* Most of ROE No. 41’s basic services are included here, such as regular and special education instruction, instructional staff support services and administration. Federal, State, and local grants and contributions finance many of these activities.
- *Business-type activities:* ROE No. 41 charges fees to help cover the costs of certain services it provides, such as workshops, conferences and teacher certification.

**Fund Financial Statements**

The fund financial statements provide detailed information about ROE No. 41’s funds, focusing on its most significant or “major” funds, not ROE No. 41 as a whole. Funds are accounting devices ROE No. 41 used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law. ROE No. 41 establishes other funds to control

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

and manage money for particular purposes, such as educational instruction in specific areas or in order to show that it is properly using certain revenues, such as federal grants. All of the funds of ROE No. 41 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds account for most of ROE No. 41's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. Because the governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the statements. By doing so, the readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds. ROE No. 41 maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. ROE No. 41 uses enterprise funds to account for educational services for which it charges a fee. Proprietary fund statements provide the same type of information as the government-wide financial statements, but with more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Technology Hub, SIP Workshop, and ROE Administrative funds.

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support ROE No. 41's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. ROE No. 41's net position at the end of FY 2015 totaled \$728,821. The analysis that follows provides a summary of the ROE No. 41's net position as of June 30.

**CONDENSED STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>						
Current assets	\$ 1,227,083	\$ 1,254,290	\$ 434,361	\$ 405,065	\$1,661,444	\$1,659,355
Noncurrent assets	13,624	26,529	4,373	4,283	17,997	30,812
<b>TOTAL ASSETS</b>	<b>1,240,707</b>	<b>1,280,819</b>	<b>438,734</b>	<b>409,348</b>	<b>1,679,441</b>	<b>1,690,167</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	6,081	-	-	-	6,081	-
<b>LIABILITIES</b>						
Current liabilities	272,447	166,379	7,952	9,353	280,399	175,732
Noncurrent liabilities	484,667	312,359	-	-	484,667	312,359
<b>TOTAL LIABILITIES</b>	<b>757,114</b>	<b>478,738</b>	<b>7,952</b>	<b>9,353</b>	<b>765,066</b>	<b>488,091</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	191,635	-	-	-	191,635	-
<b>NET POSITION</b>						
Net investment in capital assets	12,624	25,529	4,373	4,283	16,997	29,812
Restricted - other	582,187	506,527	-	-	582,187	506,527
Unrestricted	(296,772)	270,025	426,409	395,712	129,637	665,737
<b>TOTAL NET POSITION</b>	<b>\$ 298,039</b>	<b>\$ 802,081</b>	<b>\$ 430,782</b>	<b>\$ 399,995</b>	<b>\$ 728,821</b>	<b>\$ 1,202,076</b>

For FY 2015, total assets and deferred outflows of resources decreased by \$4,645 or .27% while total liabilities and deferred inflows of resources had a net increase of \$468,610 or 96%. The change in total assets is mainly due to the operating losses incurred by the ROE No. 41 during the fiscal year despite the increase in funding received from the federal and State, and the depreciation of capital assets. Also, the change in total liabilities and deferred outflows and inflows of resources is mainly due to an increase in Other Post Employment Benefits (OPEB) and recognition of ROE No 41's proportionate share in net pension liability.

As indicated above, ROE No. 41 reported positive net position for both the governmental and business-type activities. The assets and deferred outflows of resources of ROE No. 41 exceeded its liabilities and deferred inflows of resources at the close of the year by \$728,821 (net position). The net investment in capital assets was \$16,997 at the end of fiscal year 2015. ROE No. 41 uses these capital assets in providing services to its citizens, consequently, these assets are not available for future spending. In addition, net position related to educational grants and contracts are considered restricted for educational purposes.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

**CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 649,675	\$ 770,328	\$ 201,458	\$ 178,792	\$ 851,133	\$ 949,120
Operating grants and contributions	1,151,155	912,837	-	-	1,151,155	912,837
General revenues:						
Interest income	6,827	7,971	2,599	3,124	9,426	11,095
On-behalf payments - State	762,325	627,675	-	-	762,325	627,675
On-behalf payments - local	696,218	647,135	-	-	696,218	647,135
Total revenues	<u>3,266,200</u>	<u>2,965,946</u>	<u>204,057</u>	<u>181,916</u>	<u>3,470,257</u>	<u>3,147,862</u>
Expenses:						
Salaries and benefits	1,488,564	1,653,106	12,767	74,999	1,501,331	1,728,105
Pension	(35,537)	-	-	-	(35,537)	-
Purchased services	329,492	325,508	106,023	125,861	435,515	451,369
Supplies and materials	91,372	44,745	51,849	54,942	143,221	99,687
Depreciation	12,905	16,614	1,347	1,524	14,252	18,138
Payments to other governments	75,103	21,368	-	-	75,103	21,368
Miscellaneous	2,235	3,926	1,284	100	3,519	4,026
On-behalf payments - State	762,325	627,675	-	-	762,325	627,675
On-behalf payments - local	696,218	647,135	-	-	696,218	647,135
Total expenses	<u>3,422,677</u>	<u>3,340,077</u>	<u>173,270</u>	<u>257,426</u>	<u>3,595,947</u>	<u>3,597,503</u>
Income (loss) before other financing sources (uses)	<u>(156,477)</u>	<u>(374,131)</u>	<u>30,787</u>	<u>(75,510)</u>	<u>(125,690)</u>	<u>(449,641)</u>
Other financing sources (uses)						
Loss on disposal of assets	-	(4,724)	-	(1,749)	-	(6,473)
Transfers in (out)	-	2,501	-	(2,501)	-	-
Total other financing uses	<u>-</u>	<u>(2,223)</u>	<u>-</u>	<u>(4,250)</u>	<u>-</u>	<u>(6,473)</u>
Change in net position	<u>(156,477)</u>	<u>(376,354)</u>	<u>30,787</u>	<u>(79,760)</u>	<u>(125,690)</u>	<u>(456,114)</u>
Net position, beginning of year, as previously reported	802,081	1,178,435	399,995	479,755	1,202,076	1,658,190
Prior period adjustment	<u>(347,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(347,565)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>454,516</u>	<u>1,178,435</u>	<u>399,995</u>	<u>479,755</u>	<u>854,511</u>	<u>1,658,190</u>
Net position, ending	<u>\$ 298,039</u>	<u>\$ 802,081</u>	<u>\$ 430,782</u>	<u>\$ 399,995</u>	<u>\$ 728,821</u>	<u>\$ 1,202,076</u>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

**Governmental Activities**

Total revenues for governmental activities increased by \$300,254 or 10% in fiscal year 2015. The increase in revenue is due to the receipt of grant money for the Venice Early Care program, and an increase in funding of several programs administered by the ROE No. 41, such as Foundation Services, McKinney - Vento Homeless Children, Technology Hub, and School Improvement. Moreover, on-behalf payments increased by \$183,733 or 14% from \$1,274,810 in fiscal year (FY) 2014 to \$1,458,543 in FY 2015. These increases were however slightly offset by a decrease in the tuition paid by school districts for students enrolled in the Lighthouse Educational Assistance Program and the Educational Therapy Center Day Program during FY 2015.

Total expenditures for governmental activities increased by \$82,600 or 2% in FY 2015. This is mainly due to the increase in on-behalf payments.

**Business-type Activities**

Revenues for this activity are comprised of charges for services. Expenses are for the purchase of services and the costs related to the workshops, conferences and academics conducted by the ROE No. 41. The increase in total revenues by \$22,141 or 12% was due to an increase in the Tech Hub workshop revenue and the continuation of the fingerprinting and testing services for a full year. The decrease in the total expenditures by \$84,156 or 33% was mainly due to the increase in funding of the School Improvement program in FY 2015. In the previous years, some expenditures related to the School Improvement program were paid out of the proprietary funds.

**Financial Analysis of the ROE No. 41 Funds**

As previously noted, ROE No. 41 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Fund Highlights**

The ROE No. 41's governmental funds reported combined fund balances of \$954,636. This is a decrease of \$133,275 or 12% from last year's ending fund balance of \$1,087,911. The decrease is mainly due to operating losses being incurred by the ROE No. 41 each fiscal year, specifically under the General Funds.

**Proprietary Fund Highlights**

The proprietary fund net position increased by \$30,787 or 8% from \$399,995 at June 30, 2014 to \$430,782 at June 30, 2015. The increase is mainly due to the increase in revenues received from fingerprinting fees and reduction in expenditures during the fiscal year.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

**Budgetary Highlights**

Presenting an overall budget is not a legal requirement of ROE No. 41. Formal budgets are not adopted for all funds, therefore budgetary comparison statements are not included in the financial statements.

ROE No. 41 is a subrecipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs is presented as supplementary information.

**Capital Assets**

At June 30, 2015, the ROE No. 41 had invested \$16,997, net of accumulated depreciation, in computers, audio-visual equipment, and other office equipment. This is a net decrease of \$12,815 from last year. This decrease represents depreciation of \$14,252 and equipment additions of \$1,437.

More detailed information about capital assets is available in Note 3 to the financial statements.

**Economic Factors and Next Years' Budget**

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

- The ROE No. 41 has maintained stable enrollment in Regional Safe School Program (RSSP) but not in the Educational Therapy Center (ETC) from FY 2015 to FY 2016. The decrease in enrollment at ETC will impact revenues in the FY 2016. A change in enrollment and placement at the Lighthouse Education Assistance Program (LEAP) from ninety-day to sixty-day placement will continue to impact revenues in the next fiscal year.
- The General State Aid (GSA) entitlement for FY 2015 proration will increase from 87% to 92%. If there continues to be a proration of GSA and the RSSP, the programs will continue to receive less funds than the entitlements. Since the increase in the State Income Tax was not made permanent, a proration of the GSA entitlement is likely.
- The ROE No. 41 anticipates no increase in revenue and corresponding expenditures in the Regional Safe School Program, the Truants Alternative Program, and the School Improvement Program. Further decreases in revenue will result from the loss of or reduction in other State grants, including no additional funds for the Venice Early Care program.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2015**

These decreases will be a result of a decrease in State funding due to the State of Illinois' financial condition.

- The ROE No. 41 is expecting to have reduced employment expenditures for FY 2016 as significant changes have occurred due to the lack of funds discussed above.
- The ROE No. 41 does not anticipate a change in revenue in the Bus Driver Training Fund for FY 2016.
- The ROE No. 41 does not anticipate a significant change in revenue and expenditures in the General Education Development Fund for FY 2016 since the testing fee will remain the same.
- The ROE No. 41 does anticipate a minimal change in revenue and expenditures in the business-type activities due to the stability of the activity of computer-based testing since the operation of a computer-based testing facility will continue.

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

The financial report is designed to provide the ROE No. 41's citizens, taxpayers, customers, and constituents with a general overview of the ROE No. 41's finances and to demonstrate the ROE No. 41's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Administrative Assistant of Finance of the Madison County Regional Office of Education, 157 N. Main Street, Suite 438, Edwardsville, IL 62025.

## **BASIC FINANCIAL STATEMENTS**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,181,509	\$ 366,298	\$ 1,547,807
Accounts receivable	-	784	784
Due from (to) other funds	(60,224)	60,224	-
Due from other governments	105,798	7,055	112,853
Total current assets	<u>1,227,083</u>	<u>434,361</u>	<u>1,661,444</u>
Noncurrent assets:			
Security deposit	1,000	-	1,000
Capital assets, net	12,624	4,373	16,997
Total noncurrent assets	<u>13,624</u>	<u>4,373</u>	<u>17,997</u>
<b>TOTAL ASSETS</b>	<u>1,240,707</u>	<u>438,734</u>	<u>1,679,441</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>6,081</u>	<u>-</u>	<u>6,081</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	134,292	6,167	140,459
Due to other governments	2,475	1,785	4,260
Unearned revenue	135,680	-	135,680
Total current liabilities	<u>272,447</u>	<u>7,952</u>	<u>280,399</u>
Noncurrent liabilities:			
Compensated absences	34,102	-	34,102
Net pension liability	120,456	-	120,456
Net OPEB obligations	330,109	-	330,109
Total noncurrent liabilities	<u>484,667</u>	<u>-</u>	<u>484,667</u>
<b>TOTAL LIABILITIES</b>	<u>757,114</u>	<u>7,952</u>	<u>765,066</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>191,635</u>	<u>-</u>	<u>191,635</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,624	4,373	16,997
Restricted - other	582,187	-	582,187
Unrestricted	(296,772)	426,409	129,637
<b>TOTAL NET POSITION</b>	<u>\$ 298,039</u>	<u>\$ 430,782</u>	<u>\$ 728,821</u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
<b>Governmental activities:</b>						
<b>Instructional services</b>						
Salaries	\$ 1,207,697	\$ 405,502	\$ 731,023	\$ (71,172)	\$ -	\$ (71,172)
Benefits	280,867	76,896	138,624	(65,347)	-	(65,347)
Pension	(35,537)	-	-	35,537	-	35,537
Purchased services	329,492	110,632	185,892	(32,968)	-	(32,968)
Supplies and materials	91,372	30,679	55,034	(5,659)	-	(5,659)
Miscellaneous	2,235	750	1,353	(132)	-	(132)
Payments to other governments	75,103	25,216	39,229	(10,658)	-	(10,658)
Depreciation	12,905	-	-	(12,905)	-	(12,905)
<b>Administrative</b>						
On-behalf payments - State	762,325	-	-	(762,325)	-	(762,325)
On-behalf payments - local	696,218	-	-	(696,218)	-	(696,218)
<b>Total governmental activities</b>	<u>3,422,677</u>	<u>649,675</u>	<u>1,151,155</u>	<u>(1,621,847)</u>	<u>-</u>	<u>(1,621,847)</u>
<b>Business-type activities:</b>						
Professional development	173,270	201,458	-	-	28,188	28,188
<b>Total business-type activities</b>	<u>173,270</u>	<u>201,458</u>	<u>-</u>	<u>-</u>	<u>28,188</u>	<u>28,188</u>
<b>Total primary government</b>	<u>\$ 3,595,947</u>	<u>\$ 851,133</u>	<u>\$ 1,151,155</u>	<u>(1,621,847)</u>	<u>28,188</u>	<u>(1,593,659)</u>
<b>General revenues:</b>						
Interest income				6,827	2,599	9,426
On-behalf payments - State				762,325	-	762,325
On-behalf payments - local				696,218	-	696,218
<b>Total general revenues</b>				<u>1,465,370</u>	<u>2,599</u>	<u>1,467,969</u>
<b>Change in net position</b>				(156,477)	30,787	(125,690)
Net position - beginning, restated (see Note 13)				454,516	399,995	854,511
<b>Net position - ending</b>				<u>\$ 298,039</u>	<u>\$ 430,782</u>	<u>\$ 728,821</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

**EXHIBIT C**

	<b>General Fund</b>	<b>Education Fund</b>	<b>Institute Fund</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 468,024	\$ 247,811	\$ 355,318	\$ 110,356	\$ 1,181,509
Due from other governments	24,037	81,707	-	54	105,798
<b>TOTAL ASSETS</b>	<b>492,061</b>	<b>329,518</b>	<b>355,318</b>	<b>110,410</b>	<b>1,287,307</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	102,267	31,653	-	372	134,292
Due to other funds	13,984	46,240	-	-	60,224
Due to other governments	2,361	114	-	-	2,475
Unearned revenues	-	135,680	-	-	135,680
Total liabilities	118,612	213,687	-	372	332,671
<b>FUND BALANCES</b>					
Restricted	-	115,831	355,318	110,038	581,187
Assigned	373,449	-	-	-	373,449
Total fund balances	373,449	115,831	355,318	110,038	954,636
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 492,061</b>	<b>\$ 329,518</b>	<b>\$ 355,318</b>	<b>\$ 110,410</b>	<b>\$ 1,287,307</b>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

**EXHIBIT D**

Total fund balances - governmental funds		\$	954,636
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.			12,624
Security deposit represents a payment deferred in the current period and therefore, is not reported in the governmental funds.			1,000
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	\$	6,081	
Deferred inflows of resources		<u>(191,635)</u>	(185,554)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.			
Compensated absences			(34,102)
Net pension liability			(120,456)
Net OPEB obligation			<u>(330,109)</u>
Net position of governmental activities		\$	<u><u>298,039</u></u>

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

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 GOVERNMENTAL FUNDS

EXHIBIT E

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 268,882	\$ -	\$ 29,209	\$ 298,091
State sources	211,387	556,078	-	2,414	769,879
Local sources	557,241	83,185	76,309	16,125	732,860
On-behalf payments - State	282,917	-	-	-	282,917
On-behalf payments - local	696,218	-	-	-	696,218
Total revenues	1,747,763	908,145	76,309	47,748	2,779,965
<b>EXPENDITURES</b>					
Instructional services					
Salaries	711,715	495,982	-	-	1,207,697
Benefits	132,415	96,247	-	353	229,015
Pension	2,822	3,196	-	-	6,018
Purchased services	103,108	154,294	22,386	49,704	329,492
Supplies and materials	29,296	59,626	452	1,998	91,372
Payments to other governments	-	64,808	10,295	-	75,103
Miscellaneous	2,035	200	-	-	2,235
On-behalf payments - State	282,917	-	-	-	282,917
On-behalf payments - local	696,218	-	-	-	696,218
Total expenditures	1,960,526	874,353	33,133	52,055	2,920,067
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(212,763)	33,792	43,176	(4,307)	(140,102)
<b>OTHER FINANCING SOURCES</b>					
Interest income	3,828	316	2,022	661	6,827
<b>NET CHANGE IN FUND BALANCES</b>	(208,935)	34,108	45,198	(3,646)	(133,275)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	582,384	81,723	310,120	113,684	1,087,911
<b>FUND BALANCES, END OF YEAR</b>	\$ 373,449	\$ 115,831	\$ 355,318	\$ 110,038	\$ 954,636

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT F**

Net change in fund balances			\$ (133,275)
<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>			
Depreciation expense			(12,905)
<p>Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>			
Compensated absences			1,795
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>			
Pension contribution		6,018	
Cost of benefits earned, net		<u>35,537</u>	41,555
<p>The increase in the OPEB obligation resulting from annual required contributions in excess of actual contributions does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.</p>			
			<u>(53,647)</u>
Change in net position of governmental activities			<u>\$ (156,477)</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

**EXHIBIT G**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Technology Hub Fees</b>	<b>SIP-Enterprise Workshop</b>	<b>ROE Administrative - Enterprise</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 91,285	\$ 215,447	\$ 59,566	\$ 366,298
Accounts receivable	-	-	784	784
Due from other funds	-	-	60,224	60,224
Due from other governments	5,200	1,855	-	7,055
Total current assets	<u>96,485</u>	<u>217,302</u>	<u>120,574</u>	<u>434,361</u>
Noncurrent assets:				
Capital assets, net	4,373	-	-	4,373
<b>TOTAL ASSETS</b>	<u>100,858</u>	<u>217,302</u>	<u>120,574</u>	<u>438,734</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	963	4,958	246	6,167
Due to other governments	5	54	1,726	1,785
Total current liabilities	<u>968</u>	<u>5,012</u>	<u>1,972</u>	<u>7,952</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,373	-	-	4,373
Unrestricted	95,517	212,290	118,602	426,409
<b>TOTAL NET POSITION</b>	<u>\$ 99,890</u>	<u>\$ 212,290</u>	<u>\$ 118,602</u>	<u>\$ 430,782</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 PROPRIETARY FUNDS**

**EXHIBIT H**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Technology Hub Fees</b>	<b>SIP-Enterprise Workshop</b>	<b>ROE Administrative - Enterprise</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 74,031	\$ 52,307	\$ 75,120	\$ 201,458
<b>OPERATING EXPENSES</b>				
Salaries	3,523	6,300	-	9,823
Benefits	1,274	1,670	-	2,944
Purchased services	19,761	41,636	44,626	106,023
Supplies and materials	42,128	7,399	2,322	51,849
Miscellaneous	478	-	806	1,284
Depreciation	1,217	130	-	1,347
Total operating expenses	<u>68,381</u>	<u>57,135</u>	<u>47,754</u>	<u>173,270</u>
<b>OPERATING INCOME (LOSS)</b>	5,650	(4,828)	27,366	28,188
<b>NONOPERATING INCOME</b>				
Interest income	<u>503</u>	<u>1,625</u>	<u>471</u>	<u>2,599</u>
<b>CHANGE IN NET POSITION</b>	6,153	(3,203)	27,837	30,787
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>93,737</u>	<u>215,493</u>	<u>90,765</u>	<u>399,995</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 99,890</u>	<u>\$ 212,290</u>	<u>\$ 118,602</u>	<u>\$ 430,782</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT I**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Technology Hub Fees</b>	<b>SIP-Enterprise Workshop</b>	<b>ROE Administrative - Enterprise</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 68,831	\$ 51,858	\$ 74,994	\$ 195,683
Payments to suppliers and providers of goods and services	(62,409)	(48,625)	(49,523)	(160,557)
Payments to employees	(4,797)	(7,970)	-	(12,767)
Net cash provided by (used in) operating activities	<u>1,625</u>	<u>(4,737)</u>	<u>25,471</u>	<u>22,359</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY:</b>				
Increase in interfund borrowings	-	-	(34,352)	(34,352)
Cash used in noncapital financing activity	-	-	(34,352)	(34,352)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:</b>				
Cash paid for capital acquisitions	(1,437)	-	-	(1,437)
Cash used in capital financing activity	<u>(1,437)</u>	<u>-</u>	<u>-</u>	<u>(1,437)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>				
Interest income	503	1,625	471	2,599
Cash provided by investing activity	<u>503</u>	<u>1,625</u>	<u>471</u>	<u>2,599</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	691	(3,112)	(8,410)	(10,831)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	90,594	218,559	67,976	377,129
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 91,285</u>	<u>\$ 215,447</u>	<u>\$ 59,566</u>	<u>\$ 366,298</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 5,650	\$ (4,828)	\$ 27,366	\$ 28,188
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,217	130	-	1,347
Effects of changes in assets and liabilities:				
Accounts receivable	-	-	(126)	(126)
Due from other governments	(5,200)	(449)	-	(5,649)
Accounts payable and accrued expenses	(45)	398	(93)	260
Due to other governments	3	12	(1,676)	(1,661)
Net cash provided by (used in) operating activities	<u>\$ 1,625</u>	<u>\$ (4,737)</u>	<u>\$ 25,471</u>	<u>\$ 22,359</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

**EXHIBIT J**

	<u>Agency Fund</u>
<b><u>TRS and THIS</u></b>	
<b>ASSETS</b>	
Accounts receivable	\$ 16
<b>TOTAL ASSETS</b>	<u>16</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	16
<b>TOTAL LIABILITIES</b>	<u>\$ 16</u>

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Madison County Regional Office of Education No. 41 (ROE No. 41) is presented to assist in understanding the Regional Office of Education's financial statements. The financial statements and notes are representations of the Regional Office of Education's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter I, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The ROE No. 41 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

The Regional Superintendent is responsible for supervision and control of school districts within Madison County. This includes all aspects of supervision, reports and financial accounting of districts, which are considered by State law to be in the Regional Office of Education. In addition, the Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the ROE No. 41; 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 ROE No. 41's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the Illinois State

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Board of Education (ISBE) 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 Madison County, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds and that the district has certified publication of the annual financial report.

The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2015, the ROE No. 41 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 Madison County. Such activities are reported in the General Fund and Special Revenue Funds.

**B. Scope of the Reporting Entity**

The ROE No. 41 reporting entity includes all related organizations for which they exercise oversight responsibility.

The ROE No. 41 has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the region, including districts or joint agreements, which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE No. 41 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 ROE No. 41 does not control the assets, operations, or management of the districts or joint agreements. In addition, the ROE No. 41 is not aware of any entity, which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the ROE No. 41. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by grant revenues and

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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intergovernmental revenues, are reported separately from business-type activities, which would generally rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the non-fiduciary assets and liabilities, with the differences reported as net position. Net position is reported in three categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted* consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted* represents 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.

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

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

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regards to inter-fund activities, such as payables, receivables, and transfers. Inter-fund activities between governmental funds and 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.

Inter-fund 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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers exchange revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues associated with the subsequent fiscal period, but received before fiscal year end are reported as deferred inflows of resources.

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 non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide statements.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Under the terms of the grant agreements, the ROE No. 41 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 sources available to finance the program. It is the policy of the ROE No. 41 to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
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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 non-major 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 presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which earned, while expenses are recognized in the period in which the liability is incurred.

Proprietary fund operating revenues, such as charges for fees and services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary services.

The accounting policies and financial reporting practices of the ROE No. 41 conform to GAAP as applicable to governmental units.

E. Fund Accounting

The accounts of the ROE No. 41 are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The ROE No. 41 maintains individual funds required by the State of Illinois and as established by purpose or agreements. The various funds are summarized by type in the financial statements. These funds and accounts are grouped by fund type. The ROE No. 41’s resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means in which spending activities are controlled.

The various funds used by the ROE No. 41 are categorized as follows for presentation in the financial statements:

Governmental Fund Types

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The governmental funds include the following:

General Fund - The General Fund is the operating fund of the ROE No. 41. 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 General Fund includes the following funds:

ROE Administrative - Accounts for monies received for, and payment of, expenditures associated with the operations of the ROE No. 41's general administrative activities.

Fingerprinting - Accounts for the fees received from the school districts which are used to pay for the fingerprinting services provided to school district employees.

General State Aid - Accounts for monies received for, and payment of, expenditures for regional learning academy supplements.

Lighthouse Educational Assistance Program (LEAP) - Accounts for tuition monies received for, and payment of, expenditures for the administration of an educational facility within a drug rehabilitation center.

ETC Day Program - Accounts for tuition fees received from school districts used for providing special education and therapeutic services to behaviorally disordered and emotionally disturbed students under the Educational Therapy Center (ETC).

ETC Unemployment Reserve - Accounts for local monies received and accumulated to be used to defray unemployment and related expenses in case the ETC cease to exist.

Suspension Temporary Option Program - Accounts for monies received for the administration of the Suspension Temporary Option Program (STOP) serving students in the Collinsville, Highland, and Troy school districts.

Special Revenue Funds - Accounts for and reports the proceeds of specific revenue sources (other than fiduciary funds and capital projects) that are restricted or committed to expenditures for specified purposes. The special revenue funds include the following funds:

Education - 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 supporting education enhancement programs as follows:

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Truants Alternative and Optional Education Project - Accounts for grant monies received for, and payment of, expenditures for the truancy prevention program including monitoring of truant students.

Vocational Adjustment Counselor - Accounts for grant monies received for, and payment of, expenditures to provide rehabilitation counseling for individuals in secondary work experience and resource materials for families and educators of children who are transitioning from school to post secondary activities.

Regional Safe Schools - Accounts for grant monies received for, and payment of, expenditures to provide alternative school program for at-risk students. The program also provides placement for students who are suspended and/or are ineligible.

Venice Early Care - Accounts for Department of Human Services grant monies received for, and payment of, expenditures to provide implementation of an early care education program for the Venice School District.

Foundation Services - Accounts for grant monies received for, and payment of, expenditures to provide implementation of Common Core English Language Arts (ELA) and Math, the adoption of a Continuous Improvement Planning process, preparation for Balanced Assessments, and incorporation of teacher evaluation for school districts.

Title II - Teacher Quality Leadership - Accounts for grant monies received for, and payment of, expenditures to improve evaluation of administrators and teachers in school districts.

Title II - Teacher Quality - Accounts for grant monies received for, and payment of, expenditures to improve instructional services in school districts.

McKinney-Vento Homeless Children - Accounts for grant monies received for and payment of, expenditures associated with counseling and educational support to homeless children and their families.

Technology Hub - Accounts for monies received for, and payment of, expenditures for the Technology for Success grant. The program provides a coordinated, State-wide support infrastructure which assists school districts in planning, implementing, assessing results, and educating school staff in the use of technology and telecommunications in curricular, instructional, and administrative functions.

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School Improvement - Accounts for grant monies received for, and payment of, expenditures for the ROE/ISC Operations grant, as well as transactions associated with the operations of the ROE No. 41.

Institute Fund - Accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

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

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas and materials.

Bus Driver Training - Accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

ETC Lunch Account Program - Accounts for State monies received for, and payment of, expenditures for providing free and reduced priced meals to students under the Educational Therapy Center (ETC).

*Proprietary Fund Types*

Proprietary funds account for revenues and expenses related to services provided to other entities, or individuals which are reported as enterprise funds. The ROE No. 41 reports the following major enterprise funds:

Technology Hub Fees - Accounts for the local monies received for, and payment of, expenditures associated with setting up e-mail addresses, conducting workshops, and helping with the creation of technology plans for the schools in Madison County.

School Improvement Plan (SIP) - Enterprise Workshop - Accounts for workshop fees received for, and payment of, expenses related to various trainings conducted by the ROE No. 41.

ROE Administrative - Enterprise - Accounts for monies received for, and payment of, expenditures associated with other miscellaneous enterprise activities

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of the ROE No. 41. This fund also accounts for reimbursements from other funds for general administrative expenses.

*Fiduciary Fund Types*

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for organizations, and other governments, which are reported as an agency fund. The agency fund includes the following fund:

Teacher Retirement System (TRS) and Teacher Health Insurance Security (THIS)  
- Accounts for pension and insurance contributions collected and disbursed to the TRS of the State of Illinois.

F. 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 and Governmental Funds Combining Balance Sheet:

*Non-spendable* - the portion of a Governmental Fund's net position that are not available to be spent, either short-term or long-term, in either form or through legal restrictions. There are no accounts presenting a non-spendable fund balance.

*Restricted* - the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Truants Alternative and Optional Education Project, Vocational Adjustment Counselor, Technology Hub, School Improvement, and ETC Lunch Account Program. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, and Bus Driver Training.

*Committed* - 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* - the portion of a Governmental Fund's net position that denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Fingerprinting, Lighthouse Educational Assistance Program, ETC Day Program, and ETC Unemployment Reserve.

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*Unassigned* - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the General State Aid.

G. 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.

H. Budgetary Data

Overall budgeting is not a legal requirement for the ROE No. 41. Formal budgets are not adopted for all funds; therefore budgetary comparison schedules are not included in the financial statements.

The ROE No. 41 is the recipient of grants from ISBE for which comparison of budget and actual results are required. The comparison of budgeted and actual results for the following programs are reported as supplementary information:

Special Revenue Funds:

- Education Fund:
  - Truants Alternative and Optional Education Project
  - Vocational Adjustment Counselor
  - Regional Safe Schools
  - Foundation Services
  - Title II - Teacher Quality Leadership
  - Title II - Teacher Quality
  - McKinney - Vento Homeless Children
  - Technology Hub
  - School Improvement

I. Cash and Cash Equivalents

The ROE No. 41 considers all cash and all highly liquid investments (including restricted assets) with an original maturity of three months or less from the date of acquisition to be cash equivalents.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
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J. Capital Assets

Capital assets, such as equipment, are recorded in the applicable governmental or business-type activity columns in the government-wide financial statements. Expenditures for the acquisition are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The costs of capital assets are recorded as expenditures in the acquiring fund at the time of purchase and any proceeds from sales are recorded as receipts at the time of disposal in the governmental funds' statements for governmental activities.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair value as of the date received. Capital assets are defined by the ROE No. 41 as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

The provision for depreciation on fixed assets is provided on a straight-line basis. Estimated useful lives are as follows:

Equipment	5-10 years
Office equipment	3-7 years

K. Compensated Absences

All ROE No. 41 employees must use their annual vacation before November 30, and an accrual for this liability as of June 30, 2015 has been provided in the government-wide financial statements.

Accumulated sick pay benefits are available to all full-time employees to use in future years, up to 480 hours. They are eligible to be compensated for these unused sick days after attaining age 55 and employed for eight years. They will be compensated upon retirement only. If terminated, their unused sick days are forfeited. Per GASB Statement No. 16, the ROE No. 41 used the vesting method to calculate the necessary accrual. Under this method, the liability is measured based on those that are eligible to receive retirement payments and those who are expected to become eligible in future years.

As required by GASB Interpretation 6, the accrual for unused vacation and sick time is reflected when incurred in the government-wide financial statements, and is reflected in the governmental funds only when the liability is expected to be liquidated with expendable available financial resources.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
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L. New Accounting Pronouncements

In FY 2015, ROE No. 41 implemented 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 implementation of GASB Statement No. 69 had no impact on the financial statements. The implementation of GASB Statement Nos. 68 and 71 required the recognition of liability, deferred outflows and inflows of resources, and expenditures related to pension in the financial statements. Additional note disclosures and required supplementary information were also included in the financial statements.

M. Deferred Outflows of Resources and Deferred inflows of Resources

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

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

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

N. Revenues - Exchange and Non-exchange Transactions

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

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Non-exchange transactions, in which the ROE No. 41 receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE No. 41 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE No. 41 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Deposits

For its various activities, the ROE No. 41 utilizes several different bank accounts in credit quality financial institutions. At June 30, 2015, the total carrying amount of such accounts is \$1,547,807, and the total bank balance is \$1,699,996. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2015. The total bank balance as of June 30, 2015 was secured by federal depository insurance and collateralized by securities pledged by the financial institution's trust department in the name of the ROE No. 41.

*Custodial Credit Risk*

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office of Education's deposits may not be returned. As of June 30, 2015, the ROE's deposits are fully insured and collateralized.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activities for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
<b>GOVERNMENTAL FUNDS</b>				
Equipment	\$ 349,251	\$ -	\$ 26,592	\$ 322,659
Less: accumulated depreciation	323,722	12,905	26,592	310,035
Capital assets, net	<u>25,529</u>	<u>(12,905)</u>	<u>-</u>	<u>12,624</u>
<b>PROPRIETARY FUNDS</b>				
Equipment	25,353	1,437	-	26,790
Less: accumulated depreciation	21,070	1,347	-	22,417
Capital assets, net	<u>4,283</u>	<u>90</u>	<u>-</u>	<u>4,373</u>
Total capital assets, net	<u>\$ 29,812</u>	<u>\$ (12,815)</u>	<u>\$ -</u>	<u>\$ 16,997</u>

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Depreciation expense for the year ended June 30, 2015 amounted to \$12,905 was accounted for in the instructional services function under governmental activities. For the business-type activities, depreciation expense of \$1,217 and \$130 were charged to Technology Hub Fees and SIP-Enterprise Workshop, respectively.

**NOTE 4 - COMPENSATED ABSENCES**

The ROE No. 41 records a liability associated with compensated absences. During FY 2015, the amount in this account decreased by \$1,795. At June 30, 2015, the balance in this account was \$34,102.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Compensated absences	\$ 35,897	\$ 9,258	\$ 11,053	\$ 34,102

**NOTE 5 - ON-BEHALF PAYMENTS**

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois, and a significant portion of the operating expenditures of the ROE No. 41 are paid by Madison County, Illinois, in accordance with the statutes.

The breakdown of the State and County on-behalf payments for the year ended June 30, 2015 is as follows:

Regional Superintendent salary	\$ 111,108
Regional Superintendent benefits (includes State paid insurance)	32,099
Assistant Regional Superintendent salary	100,020
Assistant Regional Superintendent benefits (includes State paid insurance)	31,432
THIS OPEB contributions	8,258
Salaries of office workers paid by the Madison County	503,449
Rent of office space	43,560
Consulting services	3,115
Madison County's share in health insurance contributions	58,081
Madison County's share in retirement contributions	88,013
Total	\$ 979,135

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by ISBE. The on-behalf payments are reflected as revenues and expenditures in the General Fund.

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The ROE No. 41 also recorded \$479,408 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 ROE No. 41 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Superintendent.

State and county on-behalf payments	\$	979,135
ROE No. 41's share of TRS pension expense		479,408
Total	\$	1,458,543

**NOTE 6 - INTERFUND TRANSFERS**

**(a) Due From (To) Other Funds**

As of June 30, 2015, amounts due from (to) other funds consist of the following:

Fund	Due From Other Funds	Due To Other Funds
Proprietary Fund - ROE Administrative - Enterprise	\$ 60,224	\$ -
General Fund - General State Aid		12,955
General Fund - Lighthouse Educational Assistance Program	-	1,029
Education Fund - Foundation Services	-	19,697
Education Fund - Title II - Teacher Quality Leadership	-	4,085
Education Fund - McKinney Vento Homeless Children	-	22,458
Total	\$ 60,224	\$ 60,224

The amount due to the ROE Administrative - Enterprise from the General Fund and Education Fund resulted from interfund borrowing to cover short-term cash deficit.

**(b) Transfers From (To) Other Funds**

The composition of interfund transfers during FY 2015 is as follows:

Fund	Transfer-in	Transfer-out
General Fund - General State Aid	\$ -	\$ 31,288
General Fund - Suspension Temporary Option Program	31,288	-
Total	\$ 31,288	\$ 31,288

In FY 2015, the ROE No. 41 made an interfund transfer to move a portion of unrestricted funds to finance various operating expenditures accounted for in another fund.

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**NOTE 7 - DUE FROM (TO) OTHER GOVERNMENTS**

The ROE No. 41's General Fund, Special Revenue Funds, and Proprietary Funds have funds due to and due from various governmental units which consist of the following:

Due from Other Governments:	
Illinois State Board of Education	\$ 18,913
Illinois Department of Human Services	19,325
Local school districts	26,789
Other governmental units	47,826
Total	\$ 112,853
Due to Other Governments:	
Illinois State Board of Education	\$ 114
Madison County government	59
Other governmental units	4,087
Total	\$ 4,260

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS**

**(a) Defined Benefit Plan - Madison County Health Plan**

*Plan Description.* The ROE No. 41 employees are covered by the Madison County (the County) health insurance plan. The County provides postemployment health care for eligible retired employees and their dependents through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the County and can be amended by the County Board through its personnel manual and union contracts. An irrevocable trust has not been established by the County to account for the plan and accordingly the plan is not accounted for as a trust fund. The plan does not issue a separate report.

*Benefits Provided.* The ROE No. 41 provides postemployment health care for eligible retired employees and their dependents through the County. Employees who terminate after meeting the age and service requirements for retirement are eligible to continue their health care plan coverage with the County by paying the monthly premium rate. The benefit levels are the same as those afforded to active employees. The benefits include general outpatient and inpatient medical services; mental, nervous, and substance abuse care; vision care, dental care; and prescriptions. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the County and is the basis for the OPEB obligation accounted for under GASB Statement No. 45. The ROE No. 41 reimburses the County for health insurance coverage for active non-administrative ROE No.

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41 employees. These non-administrative employees are classified under “Other Education” below.

*Membership.* At November 30, 2013 (the County’s fiscal year end), membership consisted of:

	Education Admin	Other Education	Total
Active participants	10	26	36
Retired participants	3	2	5
Total	13	28	41

*Funding Policy.* The County negotiates the contribution percentages between the County and employees through the union contracts and the personnel policy. The ROE No. 41 employees follow these contracts and policies. All retirees contribute 100% of the blended premium to the plan and the County contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay-as-you-go). GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body’s annual required contribution, but does not require funding of the related liability.

*Annual OPEB Cost and Net OPEB Obligation.* The ROE No. 41’s annual OPEB cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over a period of thirty years.

*Trend Data.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**Components of Net OPEB Obligation and Expense**

Item	Amount as of 11/30/2014		
	Education Admin	Other Education	Total
Annual Required Contribution	\$ 30,603	\$ 46,987	\$ 77,590
Interest on Net OPEB obligation	3,261	10,562	13,823
Adjustment to annual required contribution	(4,041)	(13,087)	(17,128)
Annual OPEB cost (expense)	29,823	44,462	74,285
Contributions made	(15,224)	(5,414)	(20,638)
Increase in net OPEB obligation	14,599	39,048	53,647
Net OPEB obligation - beginning of year	65,225	211,237	276,462
Net OPEB obligation - end of year	\$ 79,824	\$ 250,285	\$ 330,109

**Schedule of Contributions, OPEB Costs and Net Obligations**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
11/30/2014	\$ 74,285	27.8%	\$ 330,109

*Funded Status and Funding Progress.* As of November 30, 2014 (the County's fiscal year end), the actuarial accrued liability for benefits was \$717,733. The covered payroll was approximately \$1,620,978 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 44.3%.

*Actuarial Method and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended November 30, 2014, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount on a closed basis over 30 years.

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**Schedule of Funded Status and Funding Progress**

	Education Admin	Other Education	Total
Actuarial Accrued Liability (AAL)	\$ 285,759	\$ 431,974	\$ 717,733
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 285,759	\$ 431,974	\$ 717,733
Funded Ratio	0%	0%	0%
Covered Payroll (Active Plan Members)	\$ 390,410	\$ 1,230,568	\$ 1,620,978
UAAL as a % of Covered Payroll	73.2%	35.1%	44.3%

**(b) Teacher Health Insurance Security Fund**

The ROE No. 41 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plan.

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 to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on-behalf of the ROE No. 41. 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. The State of Illinois contributions were \$8,258, and the ROE No. 41 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 employees were \$9,487 and \$10,176, respectively.

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- **Employer contributions to THIS Fund.** The ROE No. 41 also makes contributions to THIS Fund. The ROE No. 41's THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the ROE No. 41 paid \$6,153 to the THIS Fund. For the years ended June 30, 2014, and June 30, 2013, the ROE No. 41 paid \$7,042 and \$7,632 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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 9 - PENSION AND RETIREMENT COMMITMENTS**

Teachers' Retirement System of the State of Illinois (TRS)

**Plan Description**

The ROE No. 41 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

**Benefits provided**

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

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for

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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 ROE No. 41, is submitted to TRS by the ROE No. 41.

**On behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE No. 41. For the year ended June 30, 2015, State of Illinois contributions recognized by the ROE No. 41 were based on the State's proportionate share of the collective net pension liability associated with the ROE No.41, and the ROE No. 41 recognized revenue and expenditures of \$479,408 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 \$4,633, 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 ROE No. 41, there is a statutory requirement for the ROE No. 41 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.

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For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$4,250 were paid from federal and special trust funds that required employer contributions of \$1,402. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The ROE No. 41 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 ROE No. 41 paid \$0 to TRS for employer ERO contributions.

The ROE No. 41 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 ROE No. 41 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 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 ROE No. 41 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 ROE No. 41. The State's support and total are for disclosure purposes only. The amount recognized by the ROE No. 41 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 ROE No. 41 were as follows:

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ROE No. 41's proportionate share of net pension liability	\$	120,456
State's proportionate share of the net pension liability associated with the ROE No. 41		5,954,588
Total	\$	6,075,044

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 ROE No. 41's proportion of the net pension liability was based on the ROE No. 41'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 ROE No. 41's proportion was 0.0002005597 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 ROE No. 41's proportion of the net pension liability as of June 30, 2013, was based on the ROE No. 41'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 ROE No. 41's proportion was 0.0005735747 percent.

For the year ended June 30, 2015, the ROE No. 41 recognized pension expense of \$479,408 and revenue of \$479,408 for support provided by the State. For the year ended June 30, 2015, ROE No. 41 recognized pension expense of (\$35,537). At June 30, 2015, the ROE No. 41 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 63	\$ -
Net difference between projected and actual earning on pension plan investments	-	6,054
Changes of assumptions	-	-
Changes in proportion and difference between ROE No. 41's contributions and proportionate share of contributions	-	185,581
ROE No. 41's contributions subsequent to the measurement date	6,018	-
Total	\$ 6,081	\$ 191,635

\$6,018 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

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outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2016	\$ (46,542)
2017	(46,542)
2018	(46,542)
2019	(46,542)
2020	(5,404)

**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:

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

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

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

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:

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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>	

**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 ROE No. 41's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the ROE No. 41'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.

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
ROE No. 41's proportionate share of the net pension liability	\$ 148,757	\$ 120,456	\$ 97,019

**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*.

Illinois Municipal Retirement Fund

There are other non-certified employees paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government. Retirement contributions for non-certified employees made by Madison County to the Illinois Municipal Retirement Fund (IMRF) during the fiscal year 2015 amounted to \$50,167. This amount is included in the local on-behalf revenue and related expense. Moreover, GASB Statement No. 68 in relation to IMRF is not applicable to ROE No. 41 since the Madison County bears the cost of salaries, benefits and the payment of future pension liabilities of these non-certified employees.

**NOTE 10 - DEFICIT FUND BALANCE**

The General Fund's General State Aid has deficit fund balance totaling \$44,343 as of June 30, 2015.

The above deficit fund balance is expected to be reversed in the next fiscal year through receipts from State and local sources. The deficit balance is due to the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of current fiscal period.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

In the normal course of operations, the ROE No. 41 receives grant funds from various federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
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Significant losses are covered by the commercial insurance for all major programs: property, liability, and workman’s compensation. During the year ended June 30, 2015, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past four years.

**NOTE 12 - OPERATING LEASE**

The ROE No. 41 is committed under lease agreement for an office space for the ROE No. 41’s GED testing program located in Granite City, Illinois. The lease agreement is considered an operating lease for accounting purposes.

The lease agreement for the office space has a term of 29 months beginning March 1, 2013, and ending on July 31, 2015, with an option for bi-annual renewals. The lease requires \$12,000 annually, payable monthly and \$1,000 security deposit. Lease expense for the year ended June 30, 2015, amounted to \$12,000.

The minimum future rental payments for each of the next applicable years under the non-cancelable school facility lease are:

Fiscal Year Ending June 30	Amount
2016	\$ 1,000

**NOTE 13 - PRIOR PERIOD ADJUSTMENT**

The ROE No. 41 implemented GASB Statement Nos. 68 and 71 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 in the governmental activities was \$347,565. Because these 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:

	Governmental Activities Net Position
Net position, July 1, 2014, as previously reported	\$ 802,081
Cumulative effect of change in accounting principle	347,565
Net position, July 1, 2014, as previously restated	\$ 454,516

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 14 - SUBSEQUENT EVENTS**

The effect of subsequent events on the financial statements have been evaluated through the date of the auditors' report, which is the date the financial statements were available to be issued.

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

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2015**

**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\***

ROE No. 41's proportion of the net pension liability	0.0002005597%
ROE No. 41's proportionate share of the net pension liability	\$ 120,456
State's proportionate share of the net pension liability associated with the ROE No. 41	5,954,588
Total	\$ 6,075,044
ROE No. 41's covered-employee payroll	\$ 1,018,810
ROE No. 41's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.82%
Plan fiduciary net position as a percentage of the total pension liability	43.00%

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

**Schedule of Employer Contributions  
Teachers' Retirement System of the State of Illinois  
For the Year Ended June 30, 2015 \*\***

<b>Fiscal Year Ended June 30,</b>	<b>Contractually- Required Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Contribution as a Percentage of Covered- Employee Payroll</b>
2015	\$ 6,018	\$ 6,018	\$ -	\$ 902,614	0.67%
2014	6,641	7,061	420	1,018,810	0.69%

\*\* 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.

**Notes to This Required Supplementary Information**

*Changes of assumptions* - amounts reported in 2014 reflect an investment rate of return of 7.50 percent, an inflation rate of 3.00 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.

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
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**Postemployment Benefits Other Than Pensions  
Schedule of Funding Progress  
June 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
11/30/14	\$ 0	\$ 717,733	\$ 717,733	0%	\$1,620,978	44.30%
11/30/13	0	666,940	666,940	0%	1,566,163	42.60%
11/30/12	0	776,084	776,084	0%	1,694,625	45.80%

**Postemployment Benefits Other Than Pensions  
Schedule of Employer Contributions  
June 30, 2015**

<b>Fiscal Year Ended</b>	<b>Employer Contributions</b>	<b>Annual Required Contributions (ARC)</b>	<b>Percentage Contributed</b>
11/30/14	\$ 20,638	\$ 77,590	27.78%
11/30/13	18,934	77,590	25.26%
11/30/12	20,304	75,389	27.66%

**SUPPLEMENTARY INFORMATION**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GENERAL FUND  
COMBINING SCHEDULE OF ACCOUNTS  
JUNE 30, 2015**

**SCHEDULE 1**

	<b>ROE</b>			
	<b>Administrative</b>	<b>Fingerprinting</b>	<b>General State Aid</b>	<b>Lighthouse Educational Assistance Program</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 43,770	\$ -	\$ 165,707
Due from other governments	-	4,704	-	15,030
<b>TOTAL ASSETS</b>	<b>-</b>	<b>48,474</b>	<b>-</b>	<b>180,737</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	-	31,388	17,028
Due to other funds	-	-	12,955	1,029
Due to other governments	-	2,361	-	-
Total liabilities	-	2,361	44,343	18,057
<b>FUND BALANCES (DEFICIT)</b>				
Assigned	-	46,113	-	162,680
Unassigned	-	-	(44,343)	-
Total fund balances (deficit)	-	46,113	(44,343)	162,680
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 48,474</b>	<b>\$ -</b>	<b>\$ 180,737</b>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GENERAL FUND  
COMBINING SCHEDULE OF ACCOUNTS  
JUNE 30, 2015**

**SCHEDULE 1  
(CONTINUED)**

	ETC Day Program	ETC Unemployment Reserve	Suspension Temporary Option Program	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 73,482	\$ 180,105	\$ 4,960	\$ 468,024
Due from other governments	4,303	-	-	24,037
<b>TOTAL ASSETS</b>	<b>77,785</b>	<b>180,105</b>	<b>4,960</b>	<b>492,061</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	48,891	-	4,960	102,267
Due to other funds	-	-	-	13,984
Due to other governments	-	-	-	2,361
Total liabilities	48,891	-	4,960	118,612
<b>FUND BALANCES (DEFICIT)</b>				
Assigned	28,894	180,105	-	417,792
Unassigned	-	-	-	(44,343)
Total fund balances (deficit)	28,894	180,105	-	373,449
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 77,785</b>	<b>\$ 180,105</b>	<b>\$ 4,960</b>	<b>\$ 492,061</b>

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GENERAL FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE 2**

	ROE				
	Administrative	Fingerprinting	General State Aid	Assistance Program	Lighthouse Educational
<b>REVENUES</b>					
State sources	\$ -	\$ -	\$ 211,387	\$ -	-
Local sources	-	61,191	-	-	132,921
On-behalf payments - State	282,917	-	-	-	-
On-behalf payments - local	662,605	-	10,886	-	5,547
Total revenues	945,522	61,191	222,273	-	138,468
<b>EXPENDITURES</b>					
Salaries	-	-	217,650	-	109,620
Benefits	-	-	38,088	-	25,540
Pension	-	-	864	-	452
Purchased services	-	48,970	18,966	-	7,013
Supplies and materials	-	80	12,618	-	2,520
Miscellaneous	-	-	-	-	-
On-behalf payments - State	282,917	-	-	-	-
On-behalf payments - local	662,605	-	10,886	-	5,547
Total expenditures	945,522	49,050	299,072	-	150,692
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	12,141	(76,799)	-	(12,224)
<b>OTHER FINANCING SOURCES (USES)</b>					
Interest income	-	286	374	-	1,259
Transfers in (out)	-	-	(31,288)	-	-
Total other financing sources (uses)	-	286	(30,914)	-	1,259
<b>NET CHANGE IN FUND BALANCES</b>	-	12,427	(107,713)	-	(10,965)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	33,686	63,370	-	173,645
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ -	\$ 46,113	\$ (44,343)	\$ -	\$ 162,680

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
GENERAL FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE 2  
(CONTINUED)

	ETC Day Program	ETC Unemployment Reserve	Suspension Temporary Option Program	Total
<b>REVENUES</b>				
State sources	\$ -	\$ -	\$ -	211,387
Local sources	343,629	-	19,500	557,241
On-behalf payments - State	-	-	-	282,917
On-behalf payments - local	17,180	-	-	696,218
Total revenues	360,809	-	19,500	1,747,763
<b>EXPENDITURES</b>				
Salaries	348,812	-	35,633	711,715
Benefits	61,425	-	7,362	132,415
Pension	1,299	-	207	2,822
Purchased services	26,393	-	1,766	103,108
Supplies and materials	14,078	-	-	29,296
Miscellaneous	2,035	-	-	2,035
On-behalf payments - State	-	-	-	282,917
On-behalf payments - local	17,180	-	-	696,218
Total expenditures	471,222	-	44,968	1,960,526
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(110,413)	-	(25,468)	(212,763)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest income	564	1,345	-	3,828
Transfers in (out)	-	-	31,288	-
Total other financing sources (uses)	564	1,345	31,288	3,828
<b>NET CHANGE IN FUND BALANCES</b>	(109,849)	1,345	5,820	(208,935)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	138,743	178,760	(5,820)	582,384
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 28,894	\$ 180,105	\$ -	\$ 373,449

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2015

SCHEDULE 3

	Truants Alternative and Optional Education Project	Vocational Adjustment Counselor	Regional Safe Schools	Venice Early Care	Foundation Services	Title II - Teacher Quality Leadership
<b>ASSETS</b>						
Cash and cash equivalents	\$ 675	\$ 97,543	\$ 1,013	\$ 135,680	\$ 825	\$ -
Due from other governments	-	24,451	9,648	-	18,872	4,085
<b>TOTAL ASSETS</b>	<b>675</b>	<b>121,994</b>	<b>10,661</b>	<b>135,680</b>	<b>19,697</b>	<b>4,085</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	559	9,343	10,626	-	-	-
Due to other funds	-	-	-	-	19,697	4,085
Due to other governments	65	-	35	-	-	-
Unearned revenues	-	-	-	135,680	-	-
Total liabilities	624	9,343	10,661	135,680	19,697	4,085
<b>FUND BALANCES (DEFICIT)</b>						
Restricted	51	112,651	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 675</b>	<b>\$ 121,994</b>	<b>\$ 10,661</b>	<b>\$ 135,680</b>	<b>\$ 19,697</b>	<b>\$ 4,085</b>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2015

SCHEDULE 3  
 (CONTINUED)

	Title II -Teacher Quality	McKinney - Vento Homeless Children	Technology Hub	School Improvement	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 9,116	\$ 2,959	\$ 247,811
Due from other governments	-	24,651	-	-	81,707
<b>TOTAL ASSETS</b>	-	24,651	9,116	2,959	329,518
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	-	2,193	7,326	1,606	31,653
Due to other funds	-	22,458	-	-	46,240
Due to other governments	-	-	4	10	114
Unearned revenues	-	-	-	-	135,680
Total liabilities	-	24,651	7,330	1,616	213,687
<b>FUND BALANCES (DEFICIT)</b>					
Restricted	-	-	1,786	1,343	115,831
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ -	\$ 24,651	\$ 9,116	\$ 2,959	\$ 329,518

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 EDUCATION FUND ACCOUNTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED, JUNE 30, 2015

	Truants Alternative and Optional Education Project	Vocational Adjustment Counselor	Regional Safe Schools	Venice Early Care	Foundation Services	Title II - Teacher Quality Leadership
<b>REVENUES</b>						
Federal sources	\$ -	\$ 101,538	\$ -	\$ -	\$ 56,724	\$ 6,585
State sources	42,550	55,084	124,621	64,808	-	-
Local sources	-	83,185	-	-	-	-
Total revenues	42,550	239,807	124,621	64,808	56,724	6,585
<b>EXPENDITURES</b>						
Salaries	37,336	152,696	74,368	-	-	-
Benefits	824	27,443	12,948	-	-	-
Pension	217	2,083	432	-	-	-
Purchased services	4,173	19,837	36,873	-	55,330	6,585
Supplies and materials	-	3,771	-	-	1,394	-
Payments to other governments	-	-	-	64,808	-	-
Miscellaneous	-	200	-	-	-	-
Total expenditures	42,550	206,030	124,621	64,808	56,724	6,585
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	33,777	-	-	-	-
<b>OTHER FINANCING SOURCES</b>						
Interest income	-	316	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	34,093	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	51	78,558	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 51	\$ 112,651	\$ -	\$ -	\$ -	\$ -

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
EDUCATION FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED, JUNE 30, 2015**

	Title II -Teacher Quality	McKinney - Vento Homeless Children	Technology Hub	School Improvement	Total
<b>REVENUES</b>					
Federal sources	139	\$ 103,896	\$ -	\$ -	268,882
State sources	-	-	171,586	97,429	556,078
Local sources	-	-	-	-	83,185
Total revenues	139	103,896	171,586	97,429	908,145
<b>EXPENDITURES</b>					
Salaries	-	34,243	131,514	65,825	495,982
Benefits	-	12,993	23,926	18,113	96,247
Pension	-	-	464	-	3,196
Purchased services	139	5,524	15,682	10,151	154,294
Supplies and materials	-	51,136	-	3,325	59,626
Payments to other governments	-	-	-	-	64,808
Miscellaneous	-	-	-	-	200
Total expenditures	139	103,896	171,586	97,414	874,353
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	15	33,792
<b>OTHER FINANCING SOURCES</b>					
Interest income	-	-	-	-	316
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	15	34,108
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	1,786	1,328	81,723
<b>FUND BALANCES, END OF YEAR</b>	-	-	1,786	1,343	115,831

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 EDUCATION FUND ACCOUNT  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2015

	Truants Alternative and Optional Education Project			Vocational Adjustment Counselor		
	Variance			Variance		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>						
Federal sources	\$ -	\$ -	\$ -	\$ 102,427	\$ 101,538	\$ (889)
State sources	42,613	42,550	(63)	55,542	55,084	(458)
Local sources	-	-	-	75,000	83,185	8,185
Total revenues	<u>42,613</u>	<u>42,550</u>	<u>(63)</u>	<u>232,969</u>	<u>239,807</u>	<u>6,838</u>
<b>EXPENDITURES</b>						
Salaries	37,336	37,336	-	140,495	152,696	(12,201)
Benefits	1,028	824	204	45,940	27,443	18,497
Pension	-	217	(217)	-	2,083	(2,083)
Purchased services	4,249	4,173	76	14,319	19,837	(5,518)
Supplies and materials	-	-	-	3,000	3,771	(771)
Payments to other governments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	200	(200)
Total expenditures	<u>42,613</u>	<u>42,550</u>	<u>63</u>	<u>203,754</u>	<u>206,030</u>	<u>(2,276)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,215</u>	<u>\$ 33,777</u>	<u>\$ 4,562</u>
<b>OTHER FINANCING SOURCES</b>						
Interest income	-	-	-	-	316	316
<b>NET CHANGE IN FUND BALANCES</b>						
					34,093	34,093
<b>FUND BALANCES, BEGINNING OF YEAR</b>						
		51			78,558	78,558
<b>FUND BALANCES, END OF YEAR</b>		<u>\$ 51</u>			<u>\$ 112,651</u>	<u>\$ 112,651</u>

**SCHEDULE 5  
(CONTINUED)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
EDUCATION FUND ACCOUNT  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Regional Safe Schools			Foundation Services			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>							
Federal sources	-	\$ -	\$ -	72,803	\$ 56,724	\$ (16,079)	
State sources	124,621	124,621	-	-	-	-	
Local sources	-	-	-	-	-	-	
Total revenues	124,621	124,621	-	72,803	56,724	(16,079)	
<b>EXPENDITURES</b>							
Salaries	73,906	74,368	(462)	-	-	-	
Benefits	13,890	12,948	942	-	-	-	
Pension	-	432	(432)	-	-	-	
Purchased services	36,825	36,873	(48)	71,315	55,330	15,985	
Supplies and materials	-	-	-	1,488	1,394	94	
Payments to other governments	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	
Total expenditures	124,621	124,621	-	72,803	56,724	16,079	
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>OTHER FINANCING SOURCES</b>							
Interest income	-	-	-	-	-	-	
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-	-	-	
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-	
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**SCHEDULE 5  
(CONTINUED)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
EDUCATION FUND ACCOUNT  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Title II -Teacher Quality Leadership			Title II -Teacher Quality		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Federal sources	\$ 8,085	\$ 6,585	\$ (1,500)	\$ 139	\$ 139	\$ -
State sources	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
Total revenues	<u>8,085</u>	<u>6,585</u>	<u>(1,500)</u>	<u>139</u>	<u>139</u>	<u>-</u>
<b>EXPENDITURES</b>						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Pension	-	-	-	-	-	-
Purchased services	8,085	6,585	1,500	139	139	-
Supplies and materials	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenditures	<u>8,085</u>	<u>6,585</u>	<u>1,500</u>	<u>139</u>	<u>139</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES</b>						
Interest income	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

**SCHEDULE 5  
(CONTINUED)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
EDUCATION FUND ACCOUNT  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2015**

	McKinney - Vento Homeless Children		Technology Hub		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Federal sources	\$ 103,898	\$ 103,896	\$ (2)	\$ -	\$ -
State sources	-	-	171,586	171,586	-
Local sources	-	-	-	-	-
Total revenues	<u>103,898</u>	<u>103,896</u>	<u>(2)</u>	<u>171,586</u>	<u>-</u>
<b>EXPENDITURES</b>					
Salaries	34,243	34,243	-	131,514	-
Benefits	13,014	12,993	21	23,926	727
Pension	-	-	-	464	(464)
Purchased services	6,367	5,524	843	15,419	(263)
Supplies and materials	50,274	51,136	(862)	-	-
Payments to other governments	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	<u>103,898</u>	<u>103,896</u>	<u>2</u>	<u>171,586</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES</b>					
Interest income	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,786</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,786</u>	<u>\$ -</u>

**SCHEDULE 5  
(CONTINUED)**

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
EDUCATION FUND ACCOUNT  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2015**

	School Improvement		Total		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Federal sources	\$ -	\$ -	\$ 287,352	\$ 268,882	\$ (18,470)
State sources	97,429	97,429	491,791	491,270	(521)
Local sources	-	-	75,000	83,185	8,185
Total revenues	<u>97,429</u>	<u>97,429</u>	<u>854,143</u>	<u>843,337</u>	<u>(10,806)</u>
<b>EXPENDITURES</b>					
Salaries	66,280	65,825	483,774	495,982	(12,208)
Benefits	16,700	18,113	115,225	96,247	18,978
Pension	-	-	-	3,196	(3,196)
Purchased services	10,760	10,151	167,478	154,294	13,184
Supplies and materials	3,689	3,325	58,451	59,626	(1,175)
Payments to other governments	-	-	-	-	-
Miscellaneous	-	-	-	200	(200)
Total expenditures	<u>97,429</u>	<u>97,414</u>	<u>824,928</u>	<u>809,545</u>	<u>15,383</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>15</u>	<u>\$ 29,215</u>	<u>33,792</u>	<u>\$ 4,577</u>
<b>OTHER FINANCING SOURCES</b>					
Interest income	-	-	-	316	316
<b>NET CHANGE IN FUND BALANCES</b>		15		34,108	
<b>FUND BALANCES, BEGINNING OF YEAR</b>		1,328		81,723	
<b>FUND BALANCES, END OF YEAR</b>		<u>\$ 1,343</u>		<u>\$ 115,831</u>	

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2015

SCHEDULE 6

	General Education Development	Bus Driver Training	ETC Lunch Account Program	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 51,564	\$ 37,439	\$ 21,353	\$ 110,356
Due from other governments	-	-	54	54
<b>TOTAL ASSETS</b>	<u>51,564</u>	<u>37,439</u>	<u>21,407</u>	<u>110,410</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	372	-	-	372
<b>FUND BALANCES</b>				
Restricted	51,192	37,439	21,407	110,038
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 51,564</u>	<u>\$ 37,439</u>	<u>\$ 21,407</u>	<u>\$ 110,410</u>

MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41

SCHEDULE 7

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	General Education Development	Bus Driver Training	ETC Lunch Account Program	Total
<b>REVENUES</b>				
Federal sources	\$ -	\$ -	\$ 29,209	\$ 29,209
State sources	-	2,027	387	2,414
Local sources	6,001	5,584	4,540	16,125
Total revenues	6,001	7,611	34,136	47,748
<b>EXPENDITURES</b>				
Benefits	353	-	-	353
Purchased services	11,688	2,194	35,822	49,704
Supplies and materials	1,998	-	-	1,998
Total expenditures	14,039	2,194	35,822	52,055
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(8,038)	5,417	(1,686)	(4,307)
<b>OTHER FINANCING SOURCES</b>				
Interest income	324	207	130	661
<b>NET CHANGE IN FUND BALANCES</b>	(7,714)	5,624	(1,556)	(3,646)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	58,906	31,815	22,963	113,684
<b>FUND BALANCES, END OF YEAR</b>	\$ 51,192	\$ 37,439	\$ 21,407	\$ 110,038

**MADISON COUNTY REGIONAL OFFICE OF EDUCATION NO. 41**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE 8**

<u>TRS and THIS</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 84,324	\$ 84,324	\$ -
Accounts receivable	-	16	-	16
<b>TOTAL ASSETS</b>	<u>-</u>	<u>84,340</u>	<u>84,324</u>	<u>16</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	-	84,340	84,324	16
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 84,340</u>	<u>\$ 84,324</u>	<u>\$ 16</u>