

State of Illinois
REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS,
EDGAR, MOULTRIE AND SHELBY COUNTIES

FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

For the Year Ended June 30, 2015

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REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

For the Year Ended June 30, 2015

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REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

AGENCY OFFICIALS

For the Year Ended June 30, 2015

Regional Superintendent (Current and During the Audit Period)

Dr. Bobbi Mattingly

Assistant Regional Superintendent (Current and During the Audit Period)

Mr. Kyle Thompson

Office is located at:

730 7th Street
Charleston, Illinois 61920

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

FINANCIAL REPORT SUMMARY

For the Year Ended June 30, 2015

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

AUDITOR'S REPORTS

The auditor's 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	3	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	1

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

SUMMARY OF FINDINGS AND RESPONSES

Item No.	Page	Description	Finding Type
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2015-001	9a	Controls Over Financial Statement Preparation	Material Weakness
2015-002	9c	Internal Control Over Cash	Significant Deficiency
2015-003	9d	Inaccurate Budget and Expenditure Report	Significant Deficiency
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office of Education #11 management during an exit conference held via conference call on February 26, 2016. Attending from the Regional Office of Education #11 were Bobbi Mattingly, Regional Superintendent, and Elizabeth Peterson, Bookkeeper. Attending from Doehring, Winders & Co. LLP were Larry Nichols, CPA, Principal, and Megan Coy, CPA, Manager. Responses to the recommendations were provided by Elizabeth Peterson in an email dated February 8, 2016.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

FINANCIAL STATEMENT REPORT SUMMARY

For the Year Ended June 30, 2015

The audit of the accompanying basic financial statements of the Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education #11 was performed by Doehring, Winders & Co. LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #11's basic financial statements.

DOEHRING, WINDERS & CO. LLP

Certified Public Accountants

1601 LAFAYETTE AVENUE

MATTOON, ILLINOIS 61988

INDEPENDENT AUDITOR'S 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 Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education #11, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #11'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.

Auditor's 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 Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education #11, 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 1 to the financial statements, in the year ended June 30, 2015, the Regional Office of Education #11 implemented 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*, which caused a material change in comparability to prior year financial statements. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 11a-11h, and the Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, and Teachers' Retirement System of the State of Illinois - Schedule of the Employer's Proportionate Share of the Net Pension Liability & Schedule of Employer Contributions on pages 47-49 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 Regional Office of Education #11's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016 on our consideration of the Regional Office of Education #11'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 Regional Office of Education #11's internal control over financial reporting and compliance.

Doehring, Wunders & Co. LLP

Mattoon, Illinois
March 21, 2016

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

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Regional Office of Education #11, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Regional Office of Education #11's basic financial statements, and have issued our report thereon dated March 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Regional Office of Education #11'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 Regional Office of Education #11's internal control. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #11's internal control.

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2015-002 and 2015-003, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #11'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.

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

Regional Office of Education #11's Response to Findings

The Regional Office of Education #11's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Regional Office of Education #11's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the 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 Regional Office of Education #11'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 Regional Office of Education #11's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Doehring, Winklers & Co. LLP

Mattoon, Illinois
March 21, 2016

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF FINDINGS AND RESPONSES

FINANCIAL STATEMENT FINDINGS

For the Year Ended June 30, 2015

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-02, and 07-03)

Criteria/specific requirement

The Regional Office of Education #11 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #11's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

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

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

Condition:

The Regional Office of Education #11 did not have sufficient internal controls over the financial reporting process in order to present the financial statements in accordance with these standards. The Regional Office of Education #11 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #11 maintains controls over the processing of accounting transactions, and attempts to prepare the basic financial statements, there were not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussion with the Regional Office's accounting personnel and Regional Superintendent, we noted the following:

- * The Regional Office's financial information required material adjusting entries related to the conversion of its financial statements from cash to accrual basis of accounting, using documentation provided by the Regional Office, in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by Regional Office management.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF FINDINGS AND RESPONSES

FINANCIAL STATEMENT FINDING

For the Year Ended June 30, 2015

FINDING NO. 2015-001 - Controls Over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-02, and 07-03) (continued)

Condition (continued):

- * In fiscal year 2015, the Regional Office was able to prepare the fund financial statements for the governmental funds in the basic financial statements. However, the government-wide financial statements and the remaining fund financial statements, including proprietary funds, fiduciary fund, and notes to financial statements, were not properly prepared.
- * The Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Effect:

The Regional Office of Education #11 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Some additional expertise is needed to address all financial statement and disclosure issues. The complex requirements of GASB Statements No. 68 & 71 were new for fiscal year 2015 and will require additional time and training before the Regional Office of Education #11 can fully implement the requirements on its own.

Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #11 should continue to implement comprehensive preparation and/or review procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #11's activities and operations.

Management's Response:

The Regional Office of Education #11 understands the nature of the deficiency. The Regional Office believes that seeking additional accounting expertise in the form of another accounting firm or appropriately trained individual to prepare and/or review financial statements would reduce the funds available to provide the educational services for the schools in the region. Therefore, the Regional Office of Education #11 will continue to prepare the financial statements internally and continue to seek additional knowledge and training for staff members to ensure that all financial statements, including disclosures, are complete and accurate.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF FINDINGS AND RESPONSES

FINANCIAL STATEMENT FINDINGS

For the Year Ended June 30, 2015

FINDING NO. 2015-002 - Internal Control over Cash

Criteria/specific requirement

The Regional Office of Education #11 is responsible for establishing and maintaining a system of internal controls over cash to prevent errors and fraud.

Condition:

During review of the Regional Office of Education #11's cash records, the following were noted:

- * Although it appears that a review of the monthly bank reconciliation is being performed, insufficient detail of outstanding deposits and checks was noted in the June 2015 reconciliation.
- * The ending cash balance on the fiscal year 2015 bank reconciliations for the Regional Office of Education #11's state aid distributive fund did not reconcile to the general ledger.

Effect:

The Regional Office of Education #11's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect a misstatement in a timely manner.

Cause:

An oversight occurred when completing the June 2015 bank reconciliation. Not all reports were provided to document cleared/outstanding items to match the cover sheet. The monthly state aid electronic funds transfer bank charges were not being recorded in the general ledger for the state aid distributive fund.

Recommendation:

As part of internal control over cash, the Regional Office of Education #11 should ensure the supporting documentation for the bank reconciliation includes an outstanding check and deposit listing that agrees to the bank reconciliation and that the ending cash balances on the monthly bank reconciliation agree to the general ledger.

Management's Response:

The Regional Office of Education #11 will implement changes to the internal controls over cash. The Regional Office will implement a checklist that must be completed by the Bookkeeper with each bank statement to ensure that all necessary documentation is included to match the bank reconciliation sheet to the cash balance and accounting software balance. This documentation will include listings & balances after reconciliation of outstanding payroll checks, disbursement checks, EFT's & receipts. This checklist will be reviewed and signed off on along with the bank reconciliation cover sheet each month by the Regional Superintendent of Schools or the Assistant Regional Superintendent of Schools.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF FINDINGS AND RESPONSES

FINANCIAL STATEMENT FINDINGS

For the Year Ended June 30, 2015

FINDING NO. 2015-003 - Inaccurate Budget and Expenditure Report

Criteria/specific requirement

The Regional Office of Education #11 is required by the Illinois State Board of Education (ISBE) to prepare grant budgets and report grant expenditures in accordance with *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* and the *Illinois Program Accounting Manual*.

According to these manuals, the breakdown in the grant budgets should be an itemization and description of the requested grant costs provided in enough detail to identify what costs are to be charged to the grants. In addition, regulations state that any amount reported in an expenditure report that is not for a budgeted item or not within the acceptable variance approved by the program, cannot be accepted.

Grant expenditure reports should reflect program costs in the appropriate function and object codes regardless of where the costs were budgeted.

Condition:

The Regional Office of Education #11 did not properly prepare grant budgets, and therefore, did not report grant expenditures in accordance with ISBE *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* or the *Illinois Program Accounting Manual* for the Illinois McKinney-Vento Homeless Education Grant. The Regional Office amended the original budget for the Homeless Education Grant to include budgeted funds for purchases of capital outlay in the amount of \$5,350.

A review of the supporting documentation showed the Regional Office spent funds for allowable grant related program costs. These program costs were reported as capital outlay (object 500) in Instruction (function 1000) on the Expenditure Report Worksheet submitted to ISBE when object code 400 for supplies and materials should have been utilized since all equipment purchased was under the individual threshold of \$500 for capital outlay. In addition, code 400 for supplies and materials was utilized on the general ledger.

Effect:

The budgets prepared by the Regional Office and approved by ISBE and the expenditure reports submitted to ISBE did not accurately reflect the activity of the period. The Regional Office also was not in compliance with the requirements of the *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* or the *Illinois Program Accounting Manual*.

Cause:

An equipment purchase was planned to be recorded as a capital outlay which would result in purchases over \$500 and inclusion in the capital outlay category; however, after purchase it was identified that each component was actually under \$500 (computer, monitor, etc.). This change was not identified and reported to ISBE as a change in line item from capital outlay to supplies and materials.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF FINDINGS AND RESPONSES

FINANCIAL STATEMENT FINDINGS

For the Year Ended June 30, 2015

FINDING NO. 2015-003 - Inaccurate Budget and Expenditure Report (continued)

Recommendation:

The Regional Office of Education should budget and report expenditures of the Illinois McKinney-Vento Homeless Education Grant in accordance with the *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* and the *Illinois Program Accounting Manual*. In addition, the Regional Office should contact ISBE and amend budgets for its programs if necessary.

Management's Response:

The Regional Office of Education #11 will review all equipment purchases going forward and ensure that they are properly categorized as supplies and material or as capital outlay. If the initially budgeted price per item is less than \$500, a budget amendment will be made to move the funds to supplies and materials.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS

For the Year Ended June 30, 2015

Corrective Action Plan

2015-001 Controls Over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-02, and 07-03)

Condition:

The Regional Office of Education #11 did not have sufficient internal controls over the financial reporting process in order to present the financial statements in accordance with these standards. The Regional Office of Education #11 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #11 maintains controls over the processing of accounting transactions, and attempts to prepare the basic financial statements, there were not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussion with the Regional Office's accounting personnel and Regional Superintendent, we noted the following:

- * The Regional Office's financial information required material adjusting entries related to the conversion of its financial statements from cash to accrual basis of accounting, using documentation provided by the Regional Office, in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by Regional Office management.
- * In fiscal year 2015, the Regional Office was able to prepare the fund financial statements for the governmental funds in the basic financial statements. However, the government-wide financial statements and the remaining fund financial statements, including proprietary funds, fiduciary fund, and notes to financial statements, were not properly prepared.
- * The Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

Plan:

The Regional Office of Education #11 will continue to prepare the financial statements internally and continue to seek additional knowledge and training for staff members to ensure that all financial statements, including disclosures, are complete and accurate.

Anticipated Date of Completion:

Ongoing

Name of Contact Person:

Bobbi Mattingly, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS

For the Year Ended June 30, 2015

Corrective Action Plan

2015-002 Internal Control over Cash

Condition:

During review of the Regional Office of Education #11's cash records, the following were noted:

- * Although it appears that a review of the monthly bank reconciliation is being performed, insufficient detail of outstanding deposits and checks was noted in the June 2015 reconciliation.
- * The ending cash balance on the fiscal year 2015 bank reconciliations for the Regional Office of Education #11's state aid distributive fund did not reconcile to the general ledger.

Plan:

The Regional Office of Education #11 will implement changes to the internal controls over cash. The Regional Office will implement a check list that must be completed by the Bookkeeper with each bank statement to ensure that all necessary documentation is included to match the bank reconciliation sheet to the cash balance and accounting software balance. This documentation will include listings & balances after reconciliation of outstanding payroll checks, disbursement checks, EFT's & receipts. This checklist will be reviewed and signed off on along with the bank reconciliation cover sheet each month by the Regional Superintendent of Schools or the Assistant Regional Superintendent of Schools.

Anticipated Date of Completion:

March 1, 2016

Name of Contact Person:

Bobbi Mattingly, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS

For the Year Ended June 30, 2015

Corrective Action Plan

2015-003 Inaccurate Budget and Expenditure Report

Condition:

The Regional Office of Education #11 did not properly prepare grant budgets, and therefore, did not report grant expenditures in accordance with ISBE *State and Federal Grant Administration Policy and Fiscal Requirements and Procedures* or the *Illinois Program Accounting Manual* for the Illinois McKinney-Vento Homeless Education Grant. The Regional Office amended the original budget for the Homeless Education Grant to include budgeted funds for purchases of capital outlay in the amount of \$5,350.

A review of the supporting documentation showed the Regional Office spent funds for allowable grant related program costs. These program costs were reported as capital outlay (object 500) in Instruction (function 1000) on the Expenditure Report Worksheet submitted to ISBE when object code 400 for supplies and materials should have been utilized since all equipment purchased was under the individual threshold of \$500 for capital outlay. In addition, code 400 for supplies and materials was utilized on the general ledger.

Plan:

The Regional Office of Education #11 will review all equipment purchases going forward and ensure that they are properly categorized as supplies and material or as capital outlay. If the initially budgeted price per item is less than \$500, a budget amendment will be made to move the funds to supplies and materials.

Anticipated Date of Completion:

March 1, 2016

Name of Contact Person:

Bobbi Mattingly, Regional Superintendent of Schools

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

For the Year Ended June 30, 2015

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Controls Over Financial Statement Preparation	Repeated as 2015-001

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

The Regional Office of Education #11 for the Counties of Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

Financial Highlights

- Within the Governmental Funds, the General Fund fund balance increased from \$165,909 in FY14 to \$366,231 in FY15, and the Institute Fund fund balance increased from \$54,873 to \$76,574.
- Within the Proprietary Fund, Local Workshops total net position decreased from \$159,679 to \$156,966.

Using This Report

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Reporting the Office as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #11 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Office's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

In the government-wide financial statements, the Regional Office of Education #11's activities are divided into two categories.

- Governmental activities: Most of the Regional Office of Education #11's basic services are included here, such as local, State, and federal grant-funded programs, support services, and administration.
- Business-type activities: The Regional Office of Education #11 charges fees to help cover costs of certain services and workshops it provides.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds – not the Regional Office of Education as a whole. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #11 established other funds to control and manage money for particular purposes.

The Regional Office of Education #11 has the following types of funds:

1. Governmental funds account for all of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation between the governmental fund financial statements and the government-wide financial statements follow each of the related governmental fund financial statements. The Office's governmental funds include the General Fund and the Special Revenue Funds. The governmental fund required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Reporting the Office as a Whole (continued)

2. The Proprietary Fund is used to account for registration fees for workshops and other services sponsored by the Regional Office of Education #11. The Proprietary Fund's required financial statements include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and Statement of Cash Flows.
3. Fiduciary funds are used to account for assets held by the Regional Office of Education #11 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Position. The Regional Office of Education #11 excludes these assets from the government-wide financial statements because it cannot use these assets to finance its operations.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the financial position. The Regional Office's governmental activities net position at the end of FY15 totaled \$505,877. This compared to \$247,631 at the end of FY14. The analysis that follows provides a summary of the Office's net position at June 30, 2015 and June 30, 2014 for the governmental and business-type activities.

Condensed Statement of Net Position
Governmental Activities

	2015	2014	Increase/ (Decrease)
Current assets	\$ 566,816	\$ 374,840	\$ 191,976
Capital assets, net of depreciation	46,374	19,744	26,630
Net pension asset	27,801	-	27,801
Total assets	640,991	394,584	246,407
Deferred outflows of resources related to pensions	53,839	-	53,839
Current liabilities	79,376	109,526	(30,150)
Noncurrent liabilities	97,644	37,427	60,217
Total liabilities	177,020	146,953	30,067
Deferred inflows of resources related to pensions	11,933	-	11,933
Net position:			
Net investment in capital assets	46,374	19,744	26,630
Restricted - other	139,177	89,574	49,603
Unrestricted	320,326	138,313	182,013
Total net position	\$ 505,877	\$ 247,631	\$ 258,246

Net position increased from \$247,631 to \$505,877. The increase in total net position was primarily due to availability of county funding during June 30, 2015 and the implementation of GASB 68. Cash and cash equivalents made up the majority of current assets. In addition, net position for educational purposes are considered restricted.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Government-Wide Financial Analysis (continued)

**Condensed Statement of Net Position
Business-Type Activities**

	2015	2014	Increase/ (Decrease)
Current assets	\$ 157,740	\$ 160,086	\$ (2,346)
Capital assets, net of depreciation	825	729	96
Total assets	158,565	160,815	(2,250)
Current liabilities	169	232	(63)
Net position:			
Net investment in capital assets	825	729	96
Unrestricted	157,571	159,854	(2,283)
Total net position	\$ 158,396	\$ 160,583	\$ (2,187)

The Regional Office of Education #11 uses its business-type net position to provide workshops and training services to school districts in the Region. The decrease in total net position was primarily due to lower attendance to workshops than projected.

The following analysis shows the changes in net position for governmental and business-type activities for the years ended June 30, 2015 and June 30, 2014.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Government-Wide Financial Analysis (continued)

Statement of Activities
Governmental Activities

	2015	2014	Increase/ (Decrease)
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 425,105	\$ 323,329	\$ 101,776
General revenues			
Local sources	584,107	230,295	353,812
State sources	755,003	701,887	53,116
On-behalf payment	583,051	563,272	19,779
Investment earnings	88	339	(251)
Total revenues	<u>2,347,354</u>	<u>1,819,122</u>	<u>528,232</u>
Expenses:			
Program expenses:			
Instructional services			
Salaries and benefits	840,542	910,457	(69,915)
Purchased services	286,834	272,444	14,390
Supplies and materials	57,713	37,429	20,284
Other objects	5,057	4,643	414
Depreciation expense	6,740	5,500	1,240
Payments to other governments	281,192	228,686	52,506
Pension expense	53,282	-	53,282
Administrative expenses:			
On-behalf payments - state	583,051	563,272	19,779
Total expenses	<u>2,114,411</u>	<u>2,022,431</u>	<u>91,980</u>
Change in net position	232,943	(203,309)	436,252
Net position - beginning (restated - see Note 14)	<u>272,934</u>	<u>450,940</u>	<u>(178,006)</u>
Net position - ending	<u>\$ 505,877</u>	<u>\$ 247,631</u>	<u>\$ 258,246</u>

Revenues for governmental activities were \$2,347,354 and expenses were \$2,114,411. The increase in total revenue is due to an increase in grant funding, including the addition of two grants, and availability of county funding during June 30, 2015. Several grant funds increased in FY15 (i.e. Truants Alternative/Optional Education, ROE/ISC Operations, and Area IV - System of Support - Foundational Services). New grant funding in FY15 included No Kid Hungry and Rural Education Achievement Program.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Government-Wide Financial Analysis (continued)

**Condensed Statement of Revenue, Expenses, and Changes in Fund Net Position
Business-Type Activities**

	2015	2014	Increase/ (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 35,791	\$ 37,830	\$ (2,039)
General revenues			
Investment earnings	147	152	(5)
Total revenues	35,938	37,982	(2,044)
Expenses:			
Salaries and benefits	11,967	14,564	(2,597)
Purchased services	25,603	27,183	(1,580)
Supplies and materials	303	1,296	(993)
Depreciation expense	252	1,609	(1,357)
Total expenses	38,125	44,652	(6,527)
Change in net position	(2,187)	(6,670)	4,483
Net position - beginning	160,583	167,253	(6,670)
Net position - ending	\$ 158,396	\$ 160,583	\$ (2,187)

Revenues for the business-type activities were \$35,938 and expenses were \$38,125 resulting in an overall decrease in total net position of \$2,187. This was primarily due to lower attendance to workshops than projected for FY15.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Financial Highlights of the Regional Office of Education #11 Funds

As previously noted, the Regional Office of Education #11 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights:

- The return on investments (certificates of deposit, short term investments, and interest earned on float), was decreased because of the decrease in investment interest rates during FY15.
- County support for the Regional Office of Education #11 increased by 1.44% from \$281,243 for the counties' FY14 ending November 30, 2014 to \$285,290 for the counties' FY15 ending November 30, 2015.
- There was level funding in the state aid of \$6,119 per student; appropriations remained level as well at 88%. State Aid funding decreased from \$390,263 in FY14 to \$364,205 in FY15 due to budget cuts at the end of FY15. General State Aid TAOEP funding increased from \$303,797 in FY14 to \$388,208 in FY15 due to higher student enrollment over 3 year period. Other grant funds increased as follows: Truants Alternative/Optional Education grant increased from \$83,626 to \$113,832, ROE/ISC Operations increased from \$32,881 to \$73,027, and \$18,565 was added during FY15 for the Rural Education Achievement Program.

Proprietary Fund Highlights:

The Regional Office of Education #11's Local Workshop Fund operated at a loss in FY15. Additional workshops were scheduled in FY15 to generate higher revenue; however, attendance to individual workshops decreased resulting in lower profit.

Budgetary Highlights:

The Regional Office of Education #11 annually adopts budgets although not legally required to do so. All grant budgets are prepared by the Regional Office of Education #11 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

There were material changes in fixed assets from the previous year. The Regional Office of Education #11 replaced the roof on the office building located at 730 7th Street. The cost was \$30,846 and is being depreciated over 30 years. See Note 8 in the financial statements for more detail of the capital assets.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

Financial Highlights of the Regional Office of Education #11 Funds (continued)

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the calculation of State Aid stayed the same at \$6,119 per student for FY16 and appropriations remained level 88.7%.
- The interest rate on investments remains low.
- Several grants have decreased from previous levels.
- The State of Illinois funding for most programs are now on schedule for payment.
- County Board support of the Regional Office of Education #11 will remain the same for the next fiscal year.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #11 at 730 7th Street, Charleston, IL 61920.

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 493,396	\$ 93,739	\$ 587,135
Investments	21,448	62,796	84,244
Prepaid expense	6,117	393	6,510
Accounts receivable	5,334	-	5,334
Due from other governments:			
Local	486	812	1,298
State	8,797	-	8,797
Federal	31,238	-	31,238
Total current assets	566,816	157,740	724,556
Noncurrent assets:			
Capital assets, net of depreciation	46,374	825	47,199
Net pension asset	27,801	-	27,801
Total noncurrent assets	74,175	825	75,000
Total assets	640,991	158,565	799,556
Deferred outflows of resources			
Deferred outflows related to pensions	53,839	-	53,839
Liabilities			
Current liabilities:			
Accounts payable	8,587	169	8,756
Payroll liabilities	70,789	-	70,789
Total current liabilities	79,376	169	79,545
Noncurrent liabilities:			
Net pension liability	97,644	-	97,644
Total liabilities	177,020	169	177,189
Deferred inflows of resources			
Deferred inflows related to pensions	11,933	-	11,933
Net position			
Net investment in capital assets	46,374	825	47,199
Restricted - other	139,177	-	139,177
Unrestricted	320,326	157,571	477,897
Total net position	\$ 505,877	\$ 158,396	\$ 664,273

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instructional Services:							
Salaries and benefits	\$ 840,542	\$ -	\$ 281,406	\$ -	\$ (559,136)	\$ -	\$ (559,136)
Purchased services	286,834	-	104,173	-	(182,661)	-	(182,661)
Supplies and materials	57,713	-	27,569	-	(30,144)	-	(30,144)
Other objects	5,057	-	-	-	(5,057)	-	(5,057)
Depreciation expense	6,740	-	-	-	(6,740)	-	(6,740)
Capital outlay	-	-	1,550	-	1,550	-	1,550
Payments to other governments	281,192	-	-	-	(281,192)	-	(281,192)
Pension expense	53,282	-	10,407	-	(42,875)	-	(42,875)
Administrative:							
On-behalf payments - state	583,051	-	-	-	(583,051)	-	(583,051)
Total governmental activities	<u>2,114,411</u>	<u>-</u>	<u>425,105</u>	<u>-</u>	<u>(1,689,306)</u>	<u>-</u>	<u>(1,689,306)</u>
Business-type activities							
Other	38,125	35,791	-	-	-	(2,334)	(2,334)
Total business-type activities	<u>38,125</u>	<u>35,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,334)</u>	<u>(2,334)</u>
Total primary government	<u>\$ 2,152,536</u>	<u>\$ 35,791</u>	<u>\$ 425,105</u>	<u>\$ -</u>	<u>(1,689,306)</u>	<u>(2,334)</u>	<u>(1,691,640)</u>
General Revenues:							
Local sources					584,107	-	584,107
State sources					755,003	-	755,003
On-behalf payments					583,051	-	583,051
Investment earnings					88	147	235
Total general revenues					<u>1,922,249</u>	<u>147</u>	<u>1,922,396</u>
Change in net position					232,943	(2,187)	230,756
Net position, beginning of year (restated) - see Note 14					<u>272,934</u>	<u>160,583</u>	<u>433,517</u>
Net position, end of year					<u>\$ 505,877</u>	<u>\$ 158,396</u>	<u>\$ 664,273</u>

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

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 BALANCE SHEET
 GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 373,042	\$ 26,887	\$ 76,533	\$ 16,934	\$ -	\$ 493,396
Investments	4,051	17,397	-	-	-	21,448
Prepaid expense	6,091	-	19	7	-	6,117
Accounts receivable	5,254	80	-	-	-	5,334
Due from other funds	28,340	-	-	-	(28,340)	-
Due from other governments						
Local	-	-	22	464	-	486
State	526	8,271	-	-	-	8,797
Federal	9,833	21,405	-	-	-	31,238
Total assets	<u>\$ 427,137</u>	<u>\$ 74,040</u>	<u>\$ 76,574</u>	<u>\$ 17,405</u>	<u>\$ (28,340)</u>	<u>\$ 566,816</u>
Liabilities:						
Accounts payable	\$ 5,874	\$ 2,713	\$ -	\$ -	\$ -	\$ 8,587
Payroll liabilities	45,199	25,590	-	-	-	70,789
Due to other funds	-	28,340	-	-	(28,340)	-
Total liabilities	<u>51,073</u>	<u>56,643</u>	<u>-</u>	<u>-</u>	<u>(28,340)</u>	<u>79,376</u>
Deferred inflows of resources:						
Unavailable revenue	<u>9,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,833</u>
Fund Balance:						
Nonspendable	6,091	-	19	7	-	6,117
Restricted	-	17,397	76,555	17,398	-	111,350
Assigned	316,539	-	-	-	-	316,539
Unassigned	43,601	-	-	-	-	43,601
Total fund balance	<u>366,231</u>	<u>17,397</u>	<u>76,574</u>	<u>17,405</u>	<u>-</u>	<u>477,607</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 427,137</u>	<u>\$ 74,040</u>	<u>\$ 76,574</u>	<u>\$ 17,405</u>	<u>\$ (28,340)</u>	<u>\$ 566,816</u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

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

June 30, 2015

Total Fund balances - governmental funds		\$ 477,607
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.		9,833
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		46,374
Noncurrent assets related to pension benefits are collected but not payable in the current period, and therefore, are not reported in the funds		27,801
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	53,839	
Deferred inflows of resources	<u>(11,933)</u>	41,906
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		<u>(97,644)</u>
Net position of governmental activities		<u>\$ 505,877</u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

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

For the Year Ended June 30, 2015

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
Revenues:						
Local sources	\$ 525,962	\$ 3,000	\$ 47,002	\$ 8,143	\$ -	\$ 584,107
State sources	753,626	290,016	-	1,375	-	1,045,017
State sources- payments made on behalf of region	268,976	-	-	-	-	268,976
Federal sources	57,980	77,263	-	-	-	135,243
Total revenues	<u>1,606,544</u>	<u>370,279</u>	<u>47,002</u>	<u>9,518</u>	<u>-</u>	<u>2,033,343</u>
Expenditures:						
Instructional services						
Salaries and benefits	547,444	281,406	8,464	3,228	-	840,542
Purchased services	225,011	46,193	10,750	4,880	-	286,834
Supplies and materials	26,689	29,943	588	493	-	57,713
Other objects	795	-	4,262	-	-	5,057
Payments to other governments	281,192	-	-	-	-	281,192
Pension expense	25,298	10,407	1,249	515	-	37,469
Payments made on behalf of region	268,976	-	-	-	-	268,976
Capital outlay	30,846	2,176	-	348	-	33,370
Total expenditures	<u>1,406,251</u>	<u>370,125</u>	<u>25,313</u>	<u>9,464</u>	<u>-</u>	<u>1,811,153</u>
Excess of revenues over expenditures	<u>200,293</u>	<u>154</u>	<u>21,689</u>	<u>54</u>	<u>-</u>	<u>222,190</u>
Other financing sources (uses):						
Transfers in	4,500	-	-	-	(4,500)	-
Transfers out	(4,500)	-	-	-	4,500	-
Interest	29	45	12	2	-	88
Total other financing sources (uses)	<u>29</u>	<u>45</u>	<u>12</u>	<u>2</u>	<u>-</u>	<u>88</u>
Net change in fund balance	200,322	199	21,701	56	-	222,278
Fund balance, beginning of year	165,909	17,198	54,873	17,349	-	255,329
Fund balance, ending of year	<u>\$ 366,231</u>	<u>\$ 17,397</u>	<u>\$ 76,574</u>	<u>\$ 17,405</u>	<u>\$ -</u>	<u>\$ 477,607</u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

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

For the Year Ended June 30, 2015

Net change in fund balances		\$ 222,278
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office fiscal year ends, they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.</p>		
Reported in the funds - current year	\$ 9,833	
Reported in the funds - prior year	<u>(9,985)</u>	(152)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 33,370	
Depreciation	<u>(6,740)</u>	26,630
<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 the governmental funds.</p>		
Net pension expense		<u>(15,813)</u>
Change in net position of governmental activities		<u><u>\$ 232,943</u></u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2015

	Business-Type Activities- Enterprise Funds		Total
	Local Workshops	Nonmajor Fund - Local Service Fees	
Assets			
Current assets:			
Cash and cash equivalents	\$ 92,526	\$ 1,213	\$ 93,739
Investments	62,796	-	62,796
Prepaid expense	385	8	393
Due from other governments			
Local	447	365	812
Total current assets	156,154	1,586	157,740
Noncurrent assets:			
Capital assets, net of depreciation	825	-	825
Total noncurrent assets	825	-	825
Total assets	156,979	1,586	158,565
Liabilities			
Current liabilities:			
Accounts payable	13	156	169
Total current liabilities	13	156	169
Net Position			
Net investment in capital assets	825	-	825
Unrestricted	156,141	1,430	157,571
Total net position	\$ 156,966	\$ 1,430	\$ 158,396

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

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

For the Year Ended June 30, 2015

	Business-Type Activities- Enterprise Funds		Total
	Local Workshops	Nonmajor Fund - Local Service Fees	
Operating revenues			
Local sources	\$ 22,473	\$ 13,318	\$ 35,791
Total operating revenues	<u>22,473</u>	<u>13,318</u>	<u>35,791</u>
Operating expenses			
Salaries and benefits	7,912	4,055	11,967
Purchased services	16,866	8,737	25,603
Supplies and materials	303	-	303
Depreciation	252	-	252
Total operating expenses	<u>25,333</u>	<u>12,792</u>	<u>38,125</u>
Operating income (loss)	<u>(2,860)</u>	<u>526</u>	<u>(2,334)</u>
Nonoperating revenues			
Interest income	147	-	147
Total nonoperating revenue	<u>147</u>	<u>-</u>	<u>147</u>
Change in net position	(2,713)	526	(2,187)
Total net position, beginning of year	<u>159,679</u>	<u>904</u>	<u>160,583</u>
Total net position, end of year	<u>\$ 156,966</u>	<u>\$ 1,430</u>	<u>\$ 158,396</u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Business-Type Activities- Enterprise Funds		
	Local Workshops	Nonmajor Fund - Local Service Fees	Total
Cash flows from operating activities:			
Workshop receipts	\$ 22,166	\$ 13,426	\$ 35,592
Payments to suppliers and providers of goods and services	(17,388)	(8,581)	(25,969)
Payments to employees	(8,039)	(4,063)	(12,102)
Net cash provided by (used for) operating activities	(3,261)	782	(2,479)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(348)	-	(348)
Net cash (used for) capital and related financing activities	(348)	-	(348)
Cash flows from investing activities:			
Purchase of investments	(137)	-	(137)
Interest received on investments	147	-	147
Net cash provided by investing activities	10	-	10
Net increase (decrease) in cash and cash equivalents	(3,599)	782	(2,817)
Cash and cash equivalents - beginning of year	96,125	431	96,556
Cash and cash equivalents - end of year	\$ 92,526	\$ 1,213	\$ 93,739
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (2,860)	\$ 526	\$ (2,334)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	252	-	252
(Increase)/decrease in assets:			
(Increase)/decrease in due from other governments	(307)	108	(199)
(Increase) in prepaid expense	(127)	(8)	(135)
Increase/(decrease) in liabilities:			
Increase/(decrease) in accounts payable	(219)	156	(63)
Net cash provided by (used for) operating activities	\$ (3,261)	\$ 782	\$ (2,479)

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 1,323</u>
Total assets	<u><u>\$ 1,323</u></u>
Liabilities	
Accounts payable	<u>\$ 1,323</u>
Total liabilities	<u><u>\$ 1,323</u></u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #11 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; 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 region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #11's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

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

For the period ended June 30, 2015 the Regional Office of Education #11 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #11. Such activities are reported as a single major special revenue fund (i.e. within the Education Fund).

SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #11 reporting entity includes all related organizations for which they exercise oversight responsibility.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SCOPE OF THE REPORTING ENTITY (Continued)

The Regional Office of Education #11 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #11, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #11 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 Regional Office of Education #11 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #11 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education #11 being considered a component unit of the entity.

NEW ACCOUNTING PRONOUNCEMENTS

In 2015, the Regional Office of Education #11 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*; GASB Statement No. 69, *Governmental Combinations and Disposals of Governmental Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The Regional Office of Education #11 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government's proportionate share of employee pension plan. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit plan after the measurement date of the government's beginning net pension liability. GASB Statement No. 69 had no significant impact on the financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #11's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #11 has two business-type activities that rely on fees and charges for support.

The Regional Office of Education #11's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #11 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #11's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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 are reported as separate columns in the fund financial statements.

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., when both measurable and available. Available means collectible within the current period, typically 60 days, or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid. Revenue received after the Regional Office's availability period is reported as deferred inflows of resources in the fund statements and is reported as current revenue in the Statement of Activities.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND FINANCIAL STATEMENTS (Continued)

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #11; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties Regional Office of Education #11 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties Regional Office of Education #11's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. For unrestricted fund balance, committed funds are used first, then assigned funds, then unassigned, if any.

FUND ACCOUNTING

The Regional Office of Education #11 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #11 uses governmental, proprietary, and fiduciary funds.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental and proprietary fund reporting focuses on the major funds rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #11 has presented all major funds that met the above qualifications.

The Regional Office of Education #11 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #11. It is used to account for and report all financial resources in the region except those required to be accounted and reported for in other funds. General Funds include the following:

County Support - This fund is used to account for financial resources except those required to be accounted for in other funds.

Direct Service - This fund is used to account for interest that is earned on deposits in the Distributive Fund's interest-bearing checking account in fiscal years that interest earned exceeds bank charges. Funds for fingerprinting and shared services are accounted for in this fund.

Youth Services - This program accounts for the general state aid, Lake Land Pathways and non grant expenditures for the Truancy Program and Regional Safe Schools Program which are youth service activities.

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

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

Homeless - This program accounts for federal funds expended to facilitate the educational success of homeless children and youths.

Driver Education - This program accounts for state funds reimbursed through Neoga CUSD#4 for classroom & behind the wheel training activities at the Regional Office of Education #11's Safe School locations (Lerna, Shelbyville, & Paris).

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Illinois Violence Prevention Authority - This program accounts for state funds received to develop and implement the operation of violence prevention activities in Regional Office of Education #11.

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

Regional Safe Schools - This program accounts for the proceeds from the Regional Safe Schools monies. The program concentrates on the education of students who have been expelled from the school districts served by Regional Office of Education #11.

ROE/ISC Operations - This fund accounts for the grant monies received for and in payment of expenditures for assisting schools in all areas of school improvement.

No Kid Hungry - This program accounts for private funds received to increase student participation in the school breakfast program at Regional Office of Education #11's Regional Safe School locations (Lerna, Shelbyville, and Paris).

Title II - Teacher Quality - Leadership - This fund is used to account for a federal grant used to provide professional development services to all schools that failed to make adequate yearly progress on Illinois Standards Achievement Test scores.

Title II – Teacher Quality - The program provides funding to support academic achievement of all students by helping schools to improve teacher and principal quality.

Area IV - System of Support - Foundational Services - The program was formed to provide districts and schools within the region professional development, networking and technical assistance representing best practices.

Rural Education Achievement Program - This program accounts for a federal grant used to assist Regional Office of Education #11's Regional Safe Schools in raising student academics in technology.

Institute Fund - This fund accounts for teacher license registration, issuance and evaluation fees for processing licenses, and expenses for meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

The Regional Office of Education #11 reports the following nonmajor governmental funds:

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

General Education Development Fund (GED) – This fund accounts for proceeds earned from students who pay to participate in the high school equivalency program. These proceeds are used to pay administrative expenses incurred to administer the GED program.

Bus Driver Training – This fund accounts for the fees charged for annual training courses. Proceeds from these fees are used to pay administrative expenses incurred pertaining to the program.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUND

Proprietary Funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #11 on a cost reimbursement basis are reported.

The Regional Office of Education #11 reports the following major proprietary fund:

Local Workshops – The local workshops fund is used to account for the workshop registration fees and expenses related to workshops sponsored by the Regional Office of Education #11.

The Regional Office of Education #11 reports the following nonmajor proprietary fund:

Local Service Fees – The local service fees fund is used to account for the local fees and expenses related to specific services provided by the Regional Office of Education #11.

FIDUCIARY FUND

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #11 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #11's Agency Funds include the following:

Regional Trustee Fund - This fund accounts for the proceeds from the sale of school properties, royalties, and other receipts by the Superintendent that are forwarded to school districts. It is also used to account for detachment request fees received from landowners. The remainder of fees after expenses of the detachment hearing are returned to the landowner.

County School Facility Occupation Tax - This fund receives County School Facility Occupation Tax collected by the Illinois Department of Revenue for distribution to school districts in any county authorizing this tax.

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 Schedule of Accounts:

Nonspendable Fund Balance – The portion of a Governmental Fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance is for prepaid insurance from the County Support, Direct Service, Youth Services, Institute, General Education Development and Bus Driver Training funds.

Restricted Fund Balance – The portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements, contracts, or Illinois Statute: ROE/ISC Operations, Institute, General Education Development, and Bus Driver Training.

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

Assigned Fund Balance – The portion of a Governmental Fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts' fund balances are assigned: County Support and Youth Services.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCES (Continued)

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is in the Direct Service Fund. General funds and special revenue funds that present a deficit balance have also been reported as unassigned, which only applies to Youth Services.

NET POSITION

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

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit.

INVENTORY

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

CAPITAL ASSETS

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

Office Equipment and Furniture	5-10 years
Computer Equipment	3-10 years
Other Equipment	5-20 years

COMPENSATED ABSENCES

Sick pay must be accumulated but does not vest with the employee. Vacation time is awarded at the beginning of the fiscal year but must be used during the current fiscal year and cannot be carried over from year to year; therefore, it is considered immaterial by management and not reflected in the basic financial statements.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflow 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 the net difference between projected and actual earnings on pension plan investments.

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.

BUDGET INFORMATION

The Regional Office of Education #11 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted nor are they required to be. The Special Revenue Fund and certain programs within the General Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget information has been provided in supplementary schedules for the following funds: Homeless, Truants Alternative/Optional Education, Regional Safe Schools, ROE/ISC Operations, Title II - Teacher Quality Leadership, Title II - Teacher Quality, and Area IV - System of Support - Foundational Services.

2 DEPOSITS AND INVESTMENTS

The Regional Office of Education #11 does not have a formal investment policy. The Regional Office of Education #11 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education #11's government-wide and Agency fund deposits were \$587,135 and \$1,323, respectively, and the bank balances were \$657,042 and \$1,323, respectively. At June 30, 2015, \$245,950 of the Regional Office of Education #11's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$412,415 was collateralized by securities pledged by the Regional Office's financial institution on behalf of the Regional Office.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

2 DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS

As of June 30, 2015, the carrying amount and the fair values of the Regional Office of Education #11's government-wide and Agency fund investments were \$84,244 and \$0, respectively. Investments consisted of certificates of deposit which were fully insured by the Federal Deposit Insurance Corporation.

CREDIT RISK

At June 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants.

Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

INTEREST RATE RISK

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

CONCENTRATION OF CREDIT RISK

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

3 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Regional Office of Education #11's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #11's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

BENEFITS PROVIDED (Continued)

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

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

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

EMPLOYEES COVERED BY BENEFIT TERMS

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	17
Inactive Plan Members entitled to but not yet receiving benefits	10
Active Plan Members	4
Total	31

CONTRIBUTIONS

As set by statute, the Regional Office of Education #11's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #11's annual contribution rate for calendar year 2014 was 19.39%. For the calendar year ended December 31, 2014, the Regional Office of Education #11 contributed \$29,967 to the plan. The Regional Office of Education #11 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY (ASSET)

The Regional Office of Education #11's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

ACTUARIAL ASSUMPTIONS

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

SINGLE DISCOUNT RATE

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

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

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

CHANGES IN THE NET PENSION LIABILITY (ASSET)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2013	\$ 1,492,692	\$ 1,547,460	\$ (54,768)
Changes for the year:			
Service Cost	15,856	-	15,856
Interest on the Total Pension Liability	109,371	-	109,371
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(17,393)	-	(17,393)
Changes of Assumptions	67,051	-	67,051
Contributions - Employer	-	29,967	(29,967)
Contributions - Employees	-	6,955	(6,955)
Net Investment Income	-	112,481	(112,481)
Benefit Payments, including Refunds of Employee Contributions	(87,231)	(87,231)	-
Other (Net Transfer)	-	(1,485)	1,485
Net Changes	87,654	60,687	26,967
Balances at December 31, 2014	\$ 1,580,346	\$ 1,608,147	\$ (27,801)

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability (Asset)	\$ 153,402	\$ (27,801)	\$ (173,922)

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

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

For the year ended June 30, 2015, the Regional Office of Education #11 recognized pension expense of \$35,344. At June 30, 2015, the Regional Office of Education #11 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
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actuarial experience	\$ -	\$ 7,026
Changes of assumptions	27,087	-
Net difference between projected and actual earnings on pension plan investments	1,529	-
Total Deferred Amounts to be recognized in pension expense in future periods	28,616	7,026
<i>Pension contributions made subsequent to the measurement date</i>		
	9,263	-
Total Deferred Amounts Related to Pensions	\$ 37,879	\$ 7,026

\$9,263, reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 20,444
2016	382
2017	382
2018	382
2019	-
Thereafter	-
Total	\$ 21,590

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

4 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #11 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

BENEFITS PROVIDED

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

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

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

CONTRIBUTIONS

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #11.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

ON BEHALF CONTRIBUTIONS TO TRS

The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #11. For the year ended June 30, 2015, the State of Illinois contributions recognized by the Regional Office of Education #11 were based on the State's proportionate share of collective net pension liability associated with the Regional Office of Education #11, and the Regional Office of Education #11 recognized revenue and expenditures of \$314,075 in pension contributions from the State of Illinois.

2.2 FORMULA CONTRIBUTIONS

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ending June 30, 2015 were \$3,428, 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 Regional Office of Education #11, there is a statutory requirement for the Regional Office of Education #11 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 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 \$3,903 were paid from federal and special trust funds that required employer contributions of \$1,288. 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 Regional Office of Education #11 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 Regional Office of Education #11 paid no employer contributions under the ERO program.

The Regional Office of Education #11 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 Regional Office of Education #11 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

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

At June 30, 2015, the Regional Office of Education #11 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employers proportionate share of the net pension liability	\$	97,644
State's proportionate share of the net pension liability associated with the employer		3,901,041
		\$ 3,998,685

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 Regional Office of Education #11's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education #11's proportion was 0.0001604454 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 Regional Office of Education #11's proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #11'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 Regional Office of Education #11's proportion was 0.0001382437 percent.

For the year ended June 30, 2015, the Regional Office of Education #11 recognized pension expense of \$314,075 and revenue of \$314,075 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education #11 recognized pension expense of \$10,424. At June 30, 2015, the Regional Office of Education #11 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,907
Changes in proportion and difference between employer contributions and proportionate share of contributions	11,192	-
Employer contributions subsequent to the measurement date	4,716	-
	\$ 15,960	\$ 4,907

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

\$4,716 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 1,502
2017	1,502
2018	1,502
2019	1,502
2020	327
	6,335
	\$ 6,335

ACTUARIAL ASSUMPTIONS

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

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

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

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuation 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:

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

ACTUARIAL ASSUMPTIONS (Continued)

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%
	100%	

DISCOUNT RATE

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

Based on those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefits recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. 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 REGIONAL OFFICE OF EDUCATION #11'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Regional Office of Education #11's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Regional Office of Education #11's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 120,586	\$ 97,644	\$ 78,646

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

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

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*.

5 TEACHER HEALTH INSURANCE SECURITY FUND

The Regional Office of Education #11 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 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 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 Regional Office of Education #11. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$6,032, and the Regional Office of Education #11 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2014 and June 30, 2013, were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of the Regional Office of Education employees were \$6,112 and \$6,200, respectively.

EMPLOYER CONTRIBUTIONS TO THIS FUND

The Regional Office of Education #11 also makes contributions to the THIS Fund. The Regional Office of Education #11's THIS Fund contribution was 0.76 percent during the year ended June 30, 2015, and 0.72 and 0.69 percent during the years ended June 30, 2014 and June 30, 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education #11 paid \$4,494 to the THIS Fund. For the years ended June 30, 2014 and June 30, 2013, the Regional Office of Education #11 paid \$4,537 and \$4,650, respectively, which was 100 percent of the required contribution.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

5 TEACHER HEALTH INSURANCE SECURITY FUND (Continued)

FURTHER INFORMATION ON THIS FUND

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

6 DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2015 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position. Interfund loans were made for the purpose of providing cash to funds that were awaiting reimbursements from grantors.

Fund	Due From Other Funds	Due To Other Funds
General Fund		
County Support	\$ 28,340	\$ -
Education Fund		
Homeless	-	5,456
Illinois Violence Prevention Authority	-	1,673
Regional Safe Schools	-	6,598
Title II - Teacher Quality Leadership	-	1,881
Area IV - System of Support - Foundational Services	-	12,732
	<u>\$ 28,340</u>	<u>\$ 28,340</u>

7 ON BEHALF PAYMENTS

The State of Illinois paid the following salaries, benefits, and contributions on behalf of the Regional Office of Education #11:

Regional Superintendent Salary	\$ 111,108
Regional Superintendent Fringe Benefit (Includes State paid insurance)	20,380
Assistant Regional Superintendent Salary	100,020
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	31,436
THIS Contributions	6,032
Total	<u>\$ 268,976</u>

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

The Regional Office of Education #11 also recorded \$314,075 in revenue and expenses as on behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #11 has not included any on behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on behalf payments	\$ 268,976
ROE #11's share of TRS pension expense	314,075
Total	<u>\$ 583,051</u>

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

8 CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #11 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. The following equipment is separated by fund. The following table provides a summary of changes in capital assets for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
General Funds				
County Support	\$ 54,255	\$ 30,846	\$ -	\$ 85,101
Direct Service	2,335	-	-	2,335
Youth Services	30,880	-	-	30,880
Total for General Funds	<u>87,470</u>	<u>30,846</u>	<u>-</u>	<u>118,316</u>
Special Revenue Funds				
Major Funds				
Institute	565	-	300	265
Education Funds				
Area IV - System of Support - Foundational Services	2,500	-	-	2,500
ROE/ISC Operations	1,545	-	1,045	500
Driver Ed	1,628	-	-	1,628
Regional Safe Schools	67,142	-	-	67,142
Title I-Reading First Part B SEA	2,430	-	-	2,430
Title II-Teacher Quality	890	-	-	890
Technology Enhancing Educ.	7,244	-	1,655	5,589
No Kid Hungry	-	626	-	626
Rural Education Achievement Program	-	1,550	-	1,550
Total for Education Funds	<u>83,379</u>	<u>2,176</u>	<u>2,700</u>	<u>82,855</u>
Non-Major Funds				
GED	1,285	-	-	1,285
Bus Driver Training	683	348	-	1,031
	<u>1,968</u>	<u>348</u>	<u>-</u>	<u>2,316</u>
Total - Governmental Funds	173,382	33,370	3,000	203,752
Less: Accumulated Depreciation	<u>153,638</u>	<u>6,740</u>	<u>3,000</u>	<u>157,378</u>
Investment in Capital Assets, Net				
Governmental Activities	<u>\$ 19,744</u>	<u>\$ 26,630</u>	<u>\$ -</u>	<u>\$ 46,374</u>

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

8 CAPITAL ASSETS (Continued)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-Type Activities:				
Local Workshops	\$ 34,867	\$ 348	\$ -	\$ 35,215
Less: Accumulated Depreciation	34,138	252	-	34,390
Investment in Capital Assets, Net	<u>\$ 729</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 825</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2015 of \$6,740 and \$252 was charged to governmental activities - instructional services and business-type activities, respectively. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

9 RISK MANAGEMENT

The Regional Office of Education #11 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #11 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past four years.

10 INTERFUND ACTIVITY

Interfund transfer in/out to other fund balances at June 30, 2015 consist of the following individual transfers in/out to other funds in the governmental fund balance sheet. The transfers were made to move program support from State Aid/Distributive Interest and Shared Services in Direct Service to Youth Services. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

Fund	Transfer In	Transfer Out
General Fund		
Direct Service	\$ -	\$ 4,500
Youth Services	4,500	-
	<u>\$ 4,500</u>	<u>\$ 4,500</u>

11 DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #11's General Fund, Institute Fund, Education Fund, Other Nonmajor Funds, and Proprietary Fund have funds due from various other governmental units which consist of the following at June 30, 2015:

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

11 DUE TO/FROM OTHER GOVERNMENTS (Continued)

Due from Other Governments:

General Fund	
Illinois State Board of Education - State Funds	\$ 114
Illinois State Board of Education - Federal Funds	9,833
Illinois Comptroller - State Funds	412
Institute Fund	
Local School Districts/Counties	22
Education Fund	
Illinois State Board of Education - State Funds	6,598
Illinois State Board of Education - Federal Funds	1,881
Iroquois-Kankakee Regional Office of Education - Federal Funds	19,524
Illinois Comptroller - State Funds	1,673
Other Nonmajor Funds	
Local Service Fees	204
Local School Districts	260
Proprietary Fund	
Local School Districts	447
Local Service Fees	365
Total	\$ 41,333

12 OPERATING LEASES

The Regional Office of Education #11 has entered into several operating lease agreements for its office facilities, Bridges Alternative School Program, Regional Safe Schools Program, a postage meter and four copiers. During the year ended June 30, 2015 rentals under lease obligations were \$64,247. Future minimum rentals are as follows for the years ending June 30:

	2016	\$ 57,039
	2017	55,752
	2018	54,834
	2019	44,280
	2020	44,280
	2021	18,450
Total	\$ 274,635	

13 OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #11 has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Regional Office of Education #11 are required to pay 100% of the current premium. No former employees have chosen to stay in the Regional Office of Education #11's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Regional Office of Education #11 had no former employees for which the Regional Office of Education #11 was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Regional Office of Education #11 has not recorded any post employment benefit liability as of June 30, 2015.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2015

14 RESTATEMENT

As described in Note 1, the Regional Office of Education #11 implemented GASB Statement No. 68 and GASB Statement No. 71 during the year ended June 30, 2015. As a result of the implementation, the Regional Office of Education #11 recorded adjustments to net position for governmental activities as follows:

Governmental Activities Net Position

Net position - July 1, 2014	\$ 247,631
TRs net pension liability	(86,609)
TRs deferred outflows for contributions made after the measurement date	5,725
IMRF net pension obligation	37,427
IMRF net pension asset	54,768
IMRF deferred outflows for contributions made after the measurement date	<u>13,992</u>
Net position, restated - July 1, 2014	<u><u>\$ 272,934</u></u>

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

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
Illinois Municipal Retirement Fund
Calendar Year 2014

Calendar Year Ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 15,856
Interest on the Total Pension Liability	109,371
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(17,393)
Changes of Assumptions	67,051
Benefit Payments, including Refunds of Employee Contributions	(87,231)
Net Change in Total Pension Liability	<u>87,654</u>
Total Pension Liability - Beginning	1,492,692
Total Pension Liability - Ending (A)	<u><u>\$ 1,580,346</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 29,967
Contributions - Employees	6,955
Net Investment Income	112,481
Benefit Payments, including Refunds of Employee Contributions	(87,231)
Other (Net Transfer)	(1,485)
Net Change in Plan Fiduciary Net Position	<u>60,687</u>
Plan Fiduciary Net Position - Beginning	1,547,460
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 1,608,147</u></u>
 Net Pension (Asset) - Ending (A) - (B)	 \$ (27,801)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 101.76%
 Covered Valuation Payroll	 \$ 154,548
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 -17.99%

Notes to Schedule:

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

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Illinois Municipal Retirement Fund
Calendar Year 2014

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 29,009	\$ 29,967	\$ (958)	\$ 154,548	19.39%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

Actuarial Cost Method: Aggregate entry age = normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 29-year closed period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 4%
Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16%, including inflation
Investment Rate of Return: 7.5%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

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

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teacher's Retirement System of the State of Illinois
For the Year Ended June 30, 2015*

Employer's proportion of the net pension liability	0.0001604454%
Employer's proportionate share of the net pension liability	\$ 97,644
State's proportionate share of the net pension liability associated with the employer	3,901,041
Total	\$ 3,998,685
Employer's covered-employee payroll	\$ 677,719
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.4%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

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

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

	2014	2015
Contractually-required contribution	\$ 5,725	\$ 4,718
Contributions in relation to the contractually-required contribution	5,725	4,718
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 677,719	\$ 612,412
Contributions as a percentage of covered-employee payroll	0.8%	0.8%

Notes to Required Supplementary Information

Changes of assumptions

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

See accompanying Independent Auditor's Report.

SUPPLEMENTAL INFORMATION

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND

JUNE 30, 2015

	County Support	Direct Service	Youth Services	Total
Assets				
Cash and cash equivalents	\$ 245,884	\$ 53,022	\$ 74,136	\$ 373,042
Investments	4,051	-	-	4,051
Prepaid expense	4,784	10	1,297	6,091
Accounts receivable	-	-	5,254	5,254
Due from other funds	28,340	-	-	28,340
Due from other governments				
State	-	412	114	526
Federal	-	-	9,833	9,833
	<u>283,059</u>	<u>53,444</u>	<u>90,634</u>	<u>427,137</u>
Total assets	\$ 283,059	\$ 53,444	\$ 90,634	\$ 427,137
Liabilities				
Accounts payable	\$ 245	\$ -	\$ 5,629	\$ 5,874
Payroll liabilities	4,577	-	40,622	45,199
	<u>4,822</u>	<u>-</u>	<u>46,251</u>	<u>51,073</u>
Total liabilities	4,822	-	46,251	51,073
Deferred inflows of resources				
Unavailable revenue	-	-	9,833	9,833
	<u>-</u>	<u>-</u>	<u>9,833</u>	<u>9,833</u>
Fund Balance (deficit)				
Nonspendable	4,784	10	1,297	6,091
Assigned	273,453	-	43,086	316,539
Unassigned	-	53,434	(9,833)	43,601
	<u>278,237</u>	<u>53,444</u>	<u>34,550</u>	<u>366,231</u>
Total fund balance	278,237	53,444	34,550	366,231
Total liabilities, deferred inflows and fund balance				
	<u>\$ 283,059</u>	<u>\$ 53,444</u>	<u>\$ 90,634</u>	<u>\$ 427,137</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2015

	County Support	Direct Service	Youth Services	Total
Revenues				
Local sources	\$ 471,282	\$ 50,560	\$ 4,120	\$ 525,962
State sources	-	2,612	751,014	753,626
State sources-payments made on behalf of region	268,976	-	-	268,976
Federal sources	-	-	57,980	57,980
	<u>740,258</u>	<u>53,172</u>	<u>813,114</u>	<u>1,606,544</u>
Expenditures				
Salaries and benefits	165,666	4,306	377,472	547,444
Purchased services	74,513	46,539	103,959	225,011
Supplies and materials	7,121	-	19,568	26,689
Other objects	289	506	-	795
Payments to other governments	-	-	281,192	281,192
Payments made on behalf of region	268,976	-	-	268,976
Capital outlay	30,846	-	-	30,846
Pension expense	15,682	635	8,981	25,298
	<u>563,093</u>	<u>51,986</u>	<u>791,172</u>	<u>1,406,251</u>
Excess of revenues over expenditures	<u>177,165</u>	<u>1,186</u>	<u>21,942</u>	<u>200,293</u>
Other financing sources (uses)				
Transfers in	-	-	4,500	4,500
Transfers out	-	(4,500)	-	(4,500)
Interest	19	6	4	29
	<u>19</u>	<u>(4,494)</u>	<u>4,504</u>	<u>29</u>
Net change in fund balance	177,184	(3,308)	26,446	200,322
Fund balance, beginning of year	<u>101,053</u>	<u>56,752</u>	<u>8,104</u>	<u>165,909</u>
Fund balance, end of year	<u>\$ 278,237</u>	<u>\$ 53,444</u>	<u>\$ 34,550</u>	<u>\$ 366,231</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS

JUNE 30, 2015

	Homeless	Driver Ed	Illinois Violence Prevention Authority	Truants Alternative/ Optional Education
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 2,675	\$ 11,032
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments:				
State	-	-	1,673	-
Federal	5,456	-	-	-
	<u>5,456</u>	<u>-</u>	<u>1,673</u>	<u>-</u>
Total assets	<u>\$ 5,456</u>	<u>\$ -</u>	<u>\$ 4,348</u>	<u>\$ 11,032</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,675	\$ -
Payroll liabilities	-	-	-	11,032
Due to other funds	5,456	-	1,673	-
	<u>5,456</u>	<u>-</u>	<u>1,673</u>	<u>-</u>
Total liabilities	<u>5,456</u>	<u>-</u>	<u>4,348</u>	<u>11,032</u>
Fund balance				
Restricted	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 5,456</u>	<u>\$ -</u>	<u>\$ 4,348</u>	<u>\$ 11,032</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS

JUNE 30, 2015

	Regional Safe Schools	ROE/ISC Operations	No Kid Hungry	Title II - Teacher Quality Leadership
Assets				
Cash and cash equivalents	\$ 9,790	\$ 3,352	\$ 38	\$ -
Investments	-	17,397	-	-
Accounts receivable	-	-	-	-
Due from other governments:				
State	6,598	-	-	-
Federal	-	-	-	1,881
Total assets	\$ 16,388	\$ 20,749	\$ 38	\$ 1,881
Liabilities				
Accounts payable	\$ -	\$ -	\$ 38	\$ -
Payroll liabilities	9,790	3,352	-	-
Due to other funds	6,598	-	-	1,881
Total liabilities	16,388	3,352	38	1,881
Fund balance				
Restricted	-	17,397	-	-
Total fund balance	-	17,397	-	-
Total liabilities and fund balance	\$ 16,388	\$ 20,749	\$ 38	\$ 1,881

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS

JUNE 30, 2015

	Title II - Teacher Quality	Area IV - System of Support - Foundational Services	Rural Education Achievement Program	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 26,887
Investments	-	-	-	17,397
Accounts receivable	-	80	-	80
Due from other governments:				
State	-	-	-	8,271
Federal	-	14,068	-	21,405
	<u>-</u>	<u>14,068</u>	<u>-</u>	<u>21,405</u>
Total assets	<u>\$ -</u>	<u>\$ 14,148</u>	<u>\$ -</u>	<u>\$ 74,040</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,713
Payroll liabilities	-	1,416	-	25,590
Due to other funds	-	12,732	-	28,340
	<u>-</u>	<u>12,732</u>	<u>-</u>	<u>28,340</u>
Total liabilities	<u>-</u>	<u>14,148</u>	<u>-</u>	<u>56,643</u>
Fund balance				
Restricted	-	-	-	17,397
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,397</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,397</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 14,148</u>	<u>\$ -</u>	<u>\$ 74,040</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2015

	Homeless	Driver Ed	Illinois Violence Prevention Authority	Truants Alternative/ Optional Education
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	154	22,030	113,832
Federal sources	24,688	-	-	-
Total revenues	24,688	154	22,030	113,832
Expenditures				
Salaries and benefits	7,282	-	19,186	107,314
Purchased services	7,428	-	2,611	5,285
Supplies and materials	9,047	-	233	-
Capital outlay	-	-	-	-
Pension expense	931	-	-	1,233
Total expenditures	24,688	-	22,030	113,832
Excess of revenues over expenditures	-	154	-	-
Other financing sources:				
Interest	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	154	-	-
Fund balance (deficit), beginning of year	-	(154)	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2015

	Regional Safe Schools	ROE/ISC Operations	No Kid Hungry	Title II - Teacher Quality Leadership
Revenues				
Local sources	\$ -	\$ -	\$ 3,000	\$ -
State sources	80,973	73,027	-	-
Federal sources	-	-	-	5,581
Total revenues	80,973	73,027	3,000	5,581
Expenditures				
Salaries and benefits	78,721	56,660	-	-
Purchased services	1,218	10,750	-	5,400
Supplies and materials	-	935	2,374	181
Capital outlay	-	-	626	-
Pension expense	1,034	4,682	-	-
Total expenditures	80,973	73,027	3,000	5,581
Excess of revenues over expenditures	-	-	-	-
Other financing sources:				
Interest	-	45	-	-
Total other financing sources	-	45	-	-
Net change in fund balance	-	45	-	-
Fund balance (deficit), beginning of year	-	17,352	-	-
Fund balance, end of year	\$ -	\$ 17,397	\$ -	\$ -

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS

For the Year Ended June 30, 2015

	Title II - Teacher Quality	Area IV - System of Support - Foundational Services	Rural Education Achievement Program	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 3,000
State sources	-	-	-	290,016
Federal sources	1,184	27,245	18,565	77,263
Total revenues	1,184	27,245	18,565	370,279
Expenditures				
Salaries and benefits	-	12,243	-	281,406
Purchased services	1,184	12,317	-	46,193
Supplies and materials	-	158	17,015	29,943
Capital outlay	-	-	1,550	2,176
Pension expense	-	2,527	-	10,407
Total expenditures	1,184	27,245	18,565	370,125
Excess of revenues over expenditures	-	-	-	154
Other financing sources:				
Interest	-	-	-	45
Total other financing sources	-	-	-	45
Net change in fund balance	-	-	-	199
Fund balance (deficit), beginning of year	-	-	-	17,198
Fund balance, end of year	\$ -	\$ -	\$ -	\$ 17,397

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
HOMELESS

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 19,690	\$ 24,688	\$ 24,688
Total revenues	19,690	24,688	24,688
Expenditures			
Salaries and benefits	10,610	8,558	7,282
Purchased services	7,280	8,380	7,428
Supplies and materials	1,800	2,400	9,047
Capital outlay	-	5,350	-
Pension expense	-	-	931
Total expenditures	19,690	24,688	24,688
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE / OPTIONAL EDUCATION

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 116,452	\$ 113,832	\$ 113,832
Total revenues	<u>116,452</u>	<u>113,832</u>	<u>113,832</u>
Expenditures			
Salaries and benefits	110,522	109,212	107,314
Purchased services	5,930	4,620	5,285
Pension expense	-	-	1,233
Total expenditures	<u>116,452</u>	<u>113,832</u>	<u>113,832</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 82,837	\$ 80,973	\$ 80,973
Total revenues	<u>82,837</u>	<u>80,973</u>	<u>80,973</u>
Expenditures			
Salaries and benefits	81,537	79,673	78,721
Purchased services	1,300	1,300	1,218
Pension expense	-	-	1,034
Total expenditures	<u>82,837</u>	<u>80,973</u>	<u>80,973</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 73,027	\$ 73,027	\$ 73,027
Total revenues	<u>73,027</u>	<u>73,027</u>	<u>73,027</u>
Expenditures			
Salaries and benefits	59,248	59,248	56,660
Purchased services	12,680	12,680	10,750
Supplies and materials	1,099	1,099	935
Pension expense	-	-	4,682
Total expenditures	<u>73,027</u>	<u>73,027</u>	<u>73,027</u>
Other financing sources			
Interest	-	-	45
Total other financing sources	<u>-</u>	<u>-</u>	<u>45</u>
Net change in fund balance	-	-	45
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>17,352</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,397</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 5,581	\$ 5,581	\$ 5,581
Total revenues	<u>5,581</u>	<u>5,581</u>	<u>5,581</u>
Expenditures			
Purchased services	5,400	5,400	5,400
Supplies and materials	<u>181</u>	<u>181</u>	<u>181</u>
Total expenditures	<u>5,581</u>	<u>5,581</u>	<u>5,581</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II - TEACHER QUALITY

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,255	\$ 1,184	\$ 1,184
Total revenues	<u>1,255</u>	<u>1,184</u>	<u>1,184</u>
Expenditures			
Purchased services	<u>1,255</u>	<u>1,184</u>	<u>1,184</u>
Total expenditures	<u>1,255</u>	<u>1,184</u>	<u>1,184</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
AREA IV - SYSTEM OF SUPPORT - FOUNDATIONAL SERVICES

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 43,144	\$ 58,278	\$ 27,245
Total revenues	<u>43,144</u>	<u>58,278</u>	<u>27,245</u>
Expenditures			
Salaries and benefits	32,500	42,271	12,243
Purchased services	7,760	14,683	12,317
Supplies and materials	2,884	1,324	158
Pension expense	-	-	2,527
Total expenditures	<u>43,144</u>	<u>58,278</u>	<u>27,245</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	General Education Development	Bus Driver Training	Total
Assets			
Cash and cash equivalents	\$ 6,384	\$ 10,550	\$ 16,934
Prepaid expense	2	5	7
Due from other governments			
Local	204	260	464
	<u>6,590</u>	<u>10,815</u>	<u>17,405</u>
Total assets	<u>\$ 6,590</u>	<u>\$ 10,815</u>	<u>\$ 17,405</u>
Liabilities			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance			
Nonspendable	2	5	7
Restricted	6,588	10,810	17,398
	<u>6,590</u>	<u>10,815</u>	<u>17,405</u>
Total fund balance	<u>6,590</u>	<u>10,815</u>	<u>17,405</u>
Total liabilities & fund balance	<u>\$ 6,590</u>	<u>\$ 10,815</u>	<u>\$ 17,405</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

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

For the Year Ended June 30, 2015

	General Education Development	Bus Driver Training	Total
Revenues			
Local sources	\$ 3,267	\$ 4,876	\$ 8,143
State sources	-	1,375	1,375
Total revenues	<u>3,267</u>	<u>6,251</u>	<u>9,518</u>
Expenditures			
Salaries and benefits	1,078	2,150	3,228
Purchased services	206	4,674	4,880
Supplies and materials	171	322	493
Capital outlay	-	348	348
Pension expense	159	356	515
Total expenditures	<u>1,614</u>	<u>7,850</u>	<u>9,464</u>
Excess (deficiency) of revenues over expenditures	<u>1,653</u>	<u>(1,599)</u>	<u>54</u>
Other financing sources:			
Interest	<u>1</u>	<u>1</u>	<u>2</u>
Total other financing sources	<u>1</u>	<u>1</u>	<u>2</u>
Net change in fund balance	1,654	(1,598)	56
Fund balance, beginning of year	<u>4,936</u>	<u>12,413</u>	<u>17,349</u>
Fund balance, end of year	<u>\$ 6,590</u>	<u>\$ 10,815</u>	<u>\$ 17,405</u>

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS

JUNE 30, 2015

	Regional Trustee Fund	County School Facility Occupation Tax	Total
Assets			
Cash and cash equivalents	\$ 1,323	\$ -	\$ 1,323
Total assets	\$ 1,323	\$ -	\$ 1,323
Liabilities			
Accounts payable	\$ 1,323	\$ -	\$ 1,323
Total liabilities	\$ 1,323	\$ -	\$ 1,323

See accompanying Independent Auditor's Report.

REGIONAL OFFICE OF EDUCATION #11
CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>COUNTY SCHOOL FACILITY</u>				
<u>OCCUPATION TAX</u>				
Assets				
Due from other governments	\$ -	\$ 2,867,333	\$ 2,867,333	\$ -
Total assets	<u>\$ -</u>	<u>\$ 2,867,333</u>	<u>\$ 2,867,333</u>	<u>\$ -</u>
Liabilities				
Due to other governments	\$ -	\$ 2,867,333	\$ 2,867,333	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 2,867,333</u>	<u>\$ 2,867,333</u>	<u>\$ -</u>
<u>REGIONAL TRUSTEE FUND</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,500	\$ 3,177	\$ 1,323
Total assets	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 3,177</u>	<u>\$ 1,323</u>
Liabilities				
Accounts payable	\$ -	\$ 4,500	\$ 3,177	\$ 1,323
Total liabilities	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 3,177</u>	<u>\$ 1,323</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,500	\$ 3,177	\$ 1,323
Due from other governments	-	2,867,333	2,867,333	-
Total assets	<u>\$ -</u>	<u>\$ 2,871,833</u>	<u>\$ 2,870,510</u>	<u>\$ 1,323</u>
Liabilities				
Accounts payable	\$ -	\$ 4,500	\$ 3,177	\$ 1,323
Due to other governments	-	2,867,333	2,867,333	-
Total liabilities	<u>\$ -</u>	<u>\$ 2,871,833</u>	<u>\$ 2,870,510</u>	<u>\$ 1,323</u>

See accompanying Independent Auditors' Report.

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

For the Year Ended June 30, 2015

Program Description	Arcola CUSD #306	Arthur CUSD #305	Beecher City CUSD #20	Central A&M CUSD #21	Cowden- Herrick CUSD #3A	Heritage CUSD #8	Neoga CUSD #3	Oakland CUSD# 5	Okaw Valley CUSD #302	Pana CUSD #8
Shelby County School Facility Occupation Tax	\$ -	\$ -	\$ 8,713	\$ 100,976	\$ 77,175	\$ -	\$ 30,200	\$ -	\$ 35,769	\$ 54,485
Douglas County School Facility Occupation Tax	515,905	350,008	-	-	-	1,362	-	48,966	-	-
	<u>\$ 515,905</u>	<u>\$ 350,008</u>	<u>\$ 8,713</u>	<u>\$ 100,976</u>	<u>\$ 77,175</u>	<u>\$ 1,362</u>	<u>\$ 30,200</u>	<u>\$ 48,966</u>	<u>\$ 35,769</u>	<u>\$ 54,485</u>

REGIONAL OFFICE OF EDUCATION #11
 CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND SHELBY COUNTIES
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES (Continued)
 For the Year Ended June 30, 2015

Program Description	Ramsey CUSD #204	Shelbyville CUSD #4	Shiloh CUSD #1	Stew-Stras CUSD #5A	Sullivan CUSD #300	Teutopolis CUSD #50	Tuscola CUSD #301	Villa Grove CUSD #302	Windsor CUSD #1	Total
Shelby County School Facility Occupation Tax	\$ 595	\$ 275,847	\$ -	\$ 74,506	\$ 220	\$ 3,850	\$ -	\$ -	\$ 68,055	\$ 730,391
Douglas County School Facility Occupation Tax	-	-	110,940	-	-	-	680,354	429,407	-	2,136,942
	<u>\$ 595</u>	<u>\$ 275,847</u>	<u>\$ 110,940</u>	<u>\$ 74,506</u>	<u>\$ 220</u>	<u>\$ 3,850</u>	<u>\$ 680,354</u>	<u>\$ 429,407</u>	<u>\$ 68,055</u>	<u>\$ 2,867,333</u>