

State of Illinois
LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
FINANCIAL AUDIT
For the Year Ended June 30, 2015

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
JUNE 30, 2015

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LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
JUNE 30, 2015

OFFICIALS

Regional Superintendent
(Effective July 1, 2014 through June 30, 2015)

Ms. Jean Anderson

Assistant Regional Superintendent
(Effective July 1, 2014 through June 30, 2015)

Ms. Terri McDowell

Offices are located at:

122 North McLean Street
Lincoln, IL 62656

Mason County Courthouse
Havana, IL 62644

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 JUNE 30, 2015

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	5
Repeated audit findings	3	1
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-001	11a	Controls over Financial Statement Preparation	Material Weakness
2015-002	11c	Inadequate Internal Control Procedures	Material Weakness
2015-003	11d	Employee Contracts	Material Weakness
2015-004	11e	Improper Accounting of Restricted Funds	Material Weakness/ Noncompliance
2015-005	11f	Consolidation	Material Weakness

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

2014-003		Improper Accounting of Grant Funds	Material Weakness
2014-005		Controls over Institute Expenditures	Material Weakness

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
JUNE 30, 2015

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 7, 2015. Attending were Mr. Mark Jontry, Regional Superintendent of Regional Office of Education #17; Angie Fox, Office Manager of Regional Office of Education #17; Karen Bojda, Kemper CPA Group, LLP; and Matt Price, Kemper CPA Group, LLP. Responses to the recommendations were provided by Mr. Mark Jontry, Regional Superintendent on February 5, 2016.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
JUNE 30, 2015

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Logan/Mason/Menard Counties Regional Office of Education #38 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unmodified opinion on the Regional Office of Education #38's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan/Mason/Menard Counties Regional Office of Education #38, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Logan/Mason/Menard Counties Regional Office of Education #38's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan/Mason/Menard Counties Regional Office of Education #38, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 11 to the financial statements, the Logan/Mason/Menard Counties Regional Office of Education #38 implemented Governmental Accounting Standards Board (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*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 10, the Logan/Mason/Menard Counties Regional Office of Education #38 will be consolidated as follows: Logan County will be merged into Regional Office of Education #17, Mason County will be merged into Regional Office of Education #53, and Menard County will be merged into Regional Office of Education #51.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability, and Related Ratios, and Illinois Municipal Retirement Fund Schedule of Employer Contributions on pages 14a through 14g and page 43 through 44 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 Logan/Mason/Menard Counties Regional Office of Education #38's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the 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, budgetary comparison schedules, combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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, budgetary comparison schedules, combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 April 11, 2016, on our consideration of the Logan/Mason/Menard Counties Regional Office of Education #38'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 Logan/Mason/Menard Counties Regional Office of Education #38's internal control over financial reporting and compliance.



Certified Public Accountants and Consultants

Mattoon, Illinois
April 11, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Logan/Mason/Menard Counties Regional Office of Education #38, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Logan/Mason/Menard Counties Regional Office of Education #38's basic financial statements, and have issued our report thereon dated April 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Logan/Mason/Menard Counties Regional Office of Education #38'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 Logan/Mason/Menard Counties Regional Office of Education #38's internal control. Accordingly, we do not express an opinion on the effectiveness of the Logan/Mason/Menard Counties Regional Office of Education #38's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan/Mason/Menard Counties Regional Office of Education #38's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as finding 2015-004.

Logan/Mason/Menard Counties Regional Office of Education #38's Responses to Findings

Logan/Mason/Menard Counties Regional Office of Education #38's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Logan/Mason/Menard Counties Regional Office of Education #38's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Logan/Mason/Menard Counties Regional Office of Education #38's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Logan/Mason/Menard Counties Regional Office of Education #38's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois

April 11, 2016

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-3)

Criteria/Specific Requirement:

The Regional Office of Education #38 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP-based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, 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 #38 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #38's financial information prepared by the Regional Office of Education #38, auditors noted the Regional Office's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with GAAP. In addition, 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. Proposed adjusting entries were approved and accepted by Regional Office management.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-3) (Concluded)

Effect:

The Regional Office of Education #38 management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

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

Auditor's Recommendation:

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

Management's Response:

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-002 – Inadequate Internal Control Procedures (Partial Repeat of Finding 14-002)

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts and disbursements to prevent errors and fraud.

Condition:

Auditors noted the following weaknesses in the Regional Office of Education #38's internal control system:

- The individual who performed the physical count of capital assets was not independent of the record keeping process.
- Two bank reconciliations did not reconcile to the underlying accounting records.
- There was no documented review of the Regional Office of Education #38's general journal entries prior to being posted to the accounting system. Also, journal entries tested provided no description of the adjustment and did not have adequate supporting documentation.
- It was noted that one School Occupation Facility Tax payment was \$1,000 less than the calculated amount to be remitted to the school district.

Effect:

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

Cause:

The Regional Office of Education #38 has not established sufficient internal control procedures.

Auditor's Recommendation:

The successor Regional Offices of Education should ensure that proper internal controls are in place over financial processes to ensure appropriate segregation of duties, documented review of the accounting processes and records, as well as, ensuring that the accounting records and transactions are accurate and supported by appropriate documentation.

Management's Response:

The successor Regional Offices of Education have implemented proper internal controls over financial processes to ensure appropriate segregation of duties, documented review of the accounting processes and records, as well as, ensuring that the accounting records and transactions are accurate and supported by appropriate documentation.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-003 – Employee Contracts (Repeat of Finding 14-004)

Criteria/specific requirement:

The Regional Office of Education #38 is required under the Illinois Wage Payment and Collection Act (820 ILCS 115/10) to notify employees, in writing, of their rate of pay and for it to be acknowledged by both parties.

Condition:

During testing of payroll transactions, auditors noted four Regional Office of Education #38 employees whose total compensation did not agree to amounts stated in their respective employment contract.

Effect:

The Regional Office of Education #38 employees' total compensation was higher than amounts stated and agreed to in the employees' contracts.

Cause:

According to Regional Office of Education #38 officials, employment contracts were based mainly on the amounts covered in the budgets of Logan, Mason, and Menard Counties to maximize county support. Although some contracts were amended in the current year to include wages to be paid from the GED and Institute funds, wages paid from other grant sources were not included in the contracts.

Auditor's Recommendation:

The successor Regional Offices of Education should develop policies and procedures to ensure employees' contracts agree to the actual amount paid to the employees.

Management's Response:

The successor Regional Offices of Education have policies and procedures to ensure employees' contracts agree to the actual amount paid to the employees.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-004 – Improper Accounting of Restricted Funds

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions, including payroll, to prevent errors and fraud and to ensure compliance with applicable requirements for restricted funds.

Condition:

Auditors noted the Truants Alternative/Optional Education fund's budget was revised near year end to move \$3,869 from purchase services to salaries/benefits. However, the Regional Office paid employees additional wages without additional duties being performed or additional hours being worked.

In addition, \$1,476 was transferred from the Institute fund to the Indirect Cost fund to pay salaries which were not supported by time and effort documentation necessary to support the allocation of salaries to the restricted Institute funding.

Effect:

The Regional Office of Education #38 paid additional salaries and benefits from grant funds without additional duties being performed or extra hours worked, by the employees to merit the additional salaries and benefits.

The Regional Office of Education #38 allocated salaries to restricted funding without appropriate time and effort documentation for the related employee to substantiate the time expended on Institute fund activities.

Cause:

Per inquiry of Regional Office personnel, the additional wages were given at year-end because the employees had worked hard and deserved the wage increase.

Auditor's Recommendation:

The successor Regional Offices of Education should develop policies and procedures to ensure additional salaries paid to employees are supported by documentation to substantiate additional services performed. In addition, when salaries and benefits are allocated to restricted funds there should be time and effort documentation to support the allocated amounts.

Management's Response:

The successor Regional Offices of Education have policies and procedures to ensure additional salaries paid to employees are supported by documentation to substantiate additional services performed. In addition, when salaries and benefits are allocated to restricted funds there will be time and effort documentation to support the allocated amounts.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2015-005 – Consolidation

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over accounting transactions to ensure the Regional Office's policies and procedures are followed.

Condition:

Auditors noted the following issues related to the consolidation of the Regional Office of Education #38:

- Disposal records did not consistently contain evidence of review and approval.
- Items sold or disposed of were not clearly identified so auditors could determine whether the items were capital assets or supply and materials items.
- Disposal documentation did not include any identifiers other than a generic description of the item disposed, which did not allow the auditors to trace the asset to the Regional Office's asset listing.
- The agreement between the parties of the consolidation did not clearly define how the remaining assets and liabilities of the Regional Office of Education #38 were to be divided among the receiving Regional Offices.

Effect:

The Regional Office of Education #38 lacked sufficient details in the consolidation agreement regarding the division of capital assets. In addition, the Regional Office of Education #38 did not follow prudent policies and procedures when disposing of assets or dividing remaining assets among the successor Regional Offices of Education.

Cause:

The Regional Office of Education #38 indicated they were unaware of appropriate procedures relating to the consolidation.

Auditor's Recommendation:

The successor Regional Offices of Education should ensure the appropriate internal control policies and procedures are followed and documented and that employees responsible for financial processes are informed and trained to follow the Regional Office's established policies.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2015-005 – Consolidation (Concluded)

Management's Response:

The successor Regional Offices of Education will continue to ensure the appropriate internal control policies and procedures are followed and documented and that employees responsible for financial processes are informed and trained to follow the Regional Office's established policies.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

CORRECTIVE ACTION PLAN

Finding No. 2015-001 – Controls over Financial Statement Preparation (Repeat of Finding 14-001, 13-001, 12-1, 11-1, 10-1, 09-1, 08-1, and 07-3)

Condition:

The Regional Office of Education #38 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP-based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #38's financial information prepared by the Regional Office of Education #38, auditors noted the Regional Office's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with GAAP. In addition, 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. Proposed adjusting entries were approved and accepted by Regional Office management.

Plan:

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

Anticipated Date of Completion:

Not Applicable

Contact Person Responsible for Corrective Action:

Mr. Mark Jontry, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2015-002 – Inadequate Internal Control Procedures (Partial Repeat of Finding 14-002)

Condition:

Auditors noted the following weaknesses in the Regional Office of Education #38's internal control system:

- The individual who performed the physical count of capital assets was not independent of the record keeping process.
- Two bank reconciliations did not reconcile to the underlying accounting records.
- There was no documented review of the Regional Office of Education #38's general journal entries prior to being posted to the accounting system. Also, journal entries tested provided no description of the adjustment and did not have adequate supporting documentation.
- It was noted that one School Occupation Facility Tax payment was \$1,000 less than the calculated amount to be remitted to the school district.

Plan:

The successor Regional Offices of Education have implemented proper internal controls over financial processes to ensure appropriate segregation of duties, documented review of the accounting processes and records, as well as, ensuring that the accounting records and transactions are accurate and supported by appropriate documentation.

Anticipated Date of Completion:

Completed

Contact Person Responsible for Corrective Action:

Mr. Mark Jontry, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2015-003 – Employee Contracts (Repeat of Finding 14-004)

Condition:

During testing of payroll transactions, auditors noted four Regional Office of Education #38 employees whose total compensation did not agree to amounts stated in their respective employment contract.

Plan:

The successor Regional Offices of Education have policies and procedures to ensure employees' contracts agree to the actual amount paid to the employees.

Anticipated Date of Completion:

Completed

Contact Person Responsible for Corrective Action:

Mr. Mark Jontry, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

CORRECTIVE ACTION PLAN (Continued)

Finding No. 2015-004 – Improper Accounting of Restricted Funds

Condition:

Auditors noted the Truants Alternative/Optional Education fund's budget was revised near year end to move \$3,869 from purchase services to salaries/benefits. However, the Regional Office paid employees additional wages without additional duties being performed or additional hours being worked.

In addition, \$1,476 was transferred from the Institute fund to the Indirect Cost fund to pay salaries which were not supported by time and effort documentation necessary to support the allocation of salaries to the restricted Institute funding.

Plan:

The successor Regional Offices of Education have policies and procedures to ensure additional salaries paid to employees are supported by documentation to substantiate additional services performed. In addition, when salaries and benefits are allocated to restricted funds there will be time and effort documentation to support the allocated amounts.

Anticipated Date of Completion:

Completed

Contact Person Responsible for Corrective Action:

Mr. Mark Jontry, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

CORRECTIVE ACTION PLAN (Concluded)

Finding No. 2015-005 – Consolidation

Condition:

Auditors noted the following issues related to the consolidation of the Regional Office of Education #38:

- Disposal records did not consistently contain evidence of review and approval.
- Items sold or disposed of were not clearly identified so auditors could determine whether the items were capital assets or supply and materials items.
- Disposal documentation did not include any identifiers other than a generic description of the item disposed, which did not allow the auditors to trace the asset to the Regional Office's asset listing.
- The agreement between the parties of the consolidation did not clearly define how the remaining assets and liabilities of the Regional Office of Education #38 were to be divided among the receiving Regional Offices.

Plan:

The successor Regional Offices of Education will continue to ensure the appropriate internal control policies and procedures are followed and documented and that employees responsible for financial processes are informed and trained to follow the Regional Office's established policies.

Anticipated Date of Completion:

Completed

Contact Person Responsible for Corrective Action:

Mr. Mark Jontry, Regional Superintendent of Schools

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Controls over Financial Statement Preparation	Repeated as Finding 2015-001
2014-002	Inadequate Internal Control Procedures	Repeated as Finding 2015-002
2014-003	Improper Accounting of Grant Funds	Corrected
2014-004	Employee Contracts	Repeated as Finding 2015-003
2014-005	Controls over Institute Expenditures	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

The Logan/Mason/Menard Counties Regional Office of Education #38 (Regional Office of Education #38) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2015, with comparative information for the year ended June 30, 2014. Readers are encouraged to consider the information in conjunction with the Regional Office of Education #38's basic financial statements.

2015 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$45,604 (8%) from \$574,542 in FY14 to \$528,938 in FY15. General Fund expenditures decreased by \$15,338 (3%) from \$575,061 in FY14 to \$559,723 in FY15. The decrease in revenues and expenditures in FY15 is attributable to less General State Aid grant money being award in the current year; therefore, less money was passed through to other districts. Also, local revenues received from the counties that support the Regional Office decreased by \$14,511 from prior year. The General Fund's fund balance decreased from \$45,000 in FY14 to \$17,188 in FY15. This decrease is attributable to revenues decreasing at a faster rate than the decrease in expenditures as detailed above.
- Within the Governmental Funds, the special revenue fund revenues increased by \$22,716 (12%) from \$186,131 in FY14 to \$208,847 in FY15. The special revenue fund expenditures increased by \$28,865 (15%) from \$197,492 in FY14 to \$226,357 in FY15. The increases in revenues and expenditures in FY15 is primarily attributable to an increase in the ROE/ISC Operations fund grant award. The special revenue fund balances decreased from \$87,271 in FY14 to \$66,843 in FY15. This is due to our attempts to expend excess fund balances to the best of our ability because we are closing soon.
- The Regional Office of Education #38 has no long-term debt.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office of Education #38'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 #38 as a whole and present an overall view of the Regional Office of Education #38's finances.
- *Fund financial statements* report the Regional Office of Education #38's operations in more detail than the government-wide statements by providing information about the most significant funds.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

- *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 *other supplementary information* provides detailed information about the major and nonmajor funds.

Reporting the Regional Office of Education No. #38 as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide financial statements report information about the Regional Office of Education #38 as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current-year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The government-wide financial statements report the Regional Office of Education #38'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—is one way to measure the Regional Office of Education #38's financial health or position.

- Over time, increases or decreases in net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office of Education #38's overall financial condition, additional nonfinancial factors, such as new laws, rules, regulations, and actions by officials at the State level, need to be considered.

The government-wide financial statements present the Regional Office of Education #38's governmental activities. Local, State, and federal funds finance most of the governmental activities.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office of Education #38's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education #38 established other funds to control and manage money for particular purposes.

The Regional Office has two kinds of funds:

- (1) Governmental funds account for all of the Regional Office of Education #38'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 the 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 Regional

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Office of Education #38's programs. The Regional Office of Education #38's governmental funds include the General Fund and the special revenue funds.

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

(2) Fiduciary funds are used to account for assets held by the Regional Office of Education #38 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position.

Government-Wide Financial Analysis

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the Regional Office of Education #38. The net position at the end of FY15 and FY14 totaled \$33,182 and \$80,677, respectively. The analysis that follows provides a summary of the Regional Office of Education #38's net position as of June 30, 2015 and 2014.

CONDENSED STATEMENT OF NET POSITION
June 30, 2015 and 2014

	Governmental Activities		Total	
	2015	2014	2015	2014
Current assets	\$ 86,113	\$ 138,264	\$ 86,113	\$ 138,264
Capital assets, net	-	13,693	-	13,693
Total assets	<u>86,113</u>	<u>151,957</u>	<u>86,113</u>	<u>151,957</u>
Deferred outflows of resources	48,935	-	48,935	-
Current liabilities	2,082	5,993	2,082	5,993
Noncurrent liabilities	85,882	65,287	85,882	65,287
Total liabilities	<u>87,964</u>	<u>71,280</u>	<u>87,964</u>	<u>71,280</u>
Deferred inflows of resources	13,902	-	13,902	-
Net position:				
Invested in capital assets	-	13,693	-	13,693
Restricted - other	66,843	87,271	66,843	87,271
Unrestricted	(33,661)	(20,287)	(33,661)	(20,287)
Total net position	<u>\$ 33,182</u>	<u>\$ 80,677</u>	<u>\$ 33,182</u>	<u>\$ 80,677</u>

The Regional Office of Education #38's net position decreased by \$47,495 (59%) from FY14. The decrease was primarily due to a significant reduction in county funding. Net position related to certain programs is considered restricted for educational purposes.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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

CHANGES IN NET POSITION
For the Years Ended June 30, 2015 and 2014

	Governmental Activities		Total	
	2015	2014	2015	2014
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 190,791	\$ 170,591	\$ 190,791	\$ 170,591
General revenues:				
Local sources	122,711	148,965	122,711	148,965
State sources	106,230	116,388	106,230	116,388
On-behalf payments	318,053	324,729	318,053	324,729
Loss on disposal of assets	(9,854)	-	(9,854)	-
Investment earnings	55	1,690	55	1,690
Total revenues	<u>727,986</u>	<u>762,363</u>	<u>727,986</u>	<u>762,363</u>
Expenses:				
Program expenses:				
Salaries and benefits	156,590	195,489	156,590	195,489
Purchased services	46,997	45,458	46,997	45,458
Supplies and materials	3,101	3,427	3,101	3,427
Other objects	3,068	4,726	3,068	4,726
Payments to other governments	223,064	211,853	223,064	211,853
Pension expense	7,917	-	7,917	-
Depreciation	3,839	3,839	3,839	3,839
Administrative expenses:				
On-behalf payments	<u>318,053</u>	<u>324,729</u>	<u>318,053</u>	<u>324,729</u>
Total expenses	<u>762,629</u>	<u>789,521</u>	<u>762,629</u>	<u>789,521</u>
Change in net position	(34,643)	(27,158)	(34,643)	(27,158)
Net position, beginning of year, restated (see Note 11)	<u>67,825</u>	<u>107,835</u>	<u>67,825</u>	<u>107,835</u>
Net position, end of year	<u>\$ 33,182</u>	<u>\$ 80,677</u>	<u>\$ 33,182</u>	<u>\$ 80,677</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Governmental Activities

Revenues for governmental activities were \$727,986, and expenses were \$762,629 resulting in a decrease in revenues of \$34,377 (5%) and a decrease in expenditures of \$26,892 (3%). Overall, governmental activities remained fairly consistent with FY14. A decrease in General State Aid funding was offset by increased Education Fund grants received. Investment income decreased from \$1,690 in FY14 to \$55 in FY15 because of a decrease in Money Market interest.

Financial Analysis of the Regional Office of Education #38's Funds

As previously noted, the Regional Office of Education #38 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #38's governmental funds reported combined fund balances of \$84,031, a decrease of \$48,240 (36%) from FY14.

Budgetary Highlights

The Regional Office of Education #38 annually adopts budgets for several funds when required by the granting agency. The Regional Superintendent annually prepares an Operating Fund Budget and submits it to the three County Boards for their approval. The Operating Fund Budget covers a fiscal year of December 1 through November 30. All grant budgets are prepared by the Regional Office of Education #38 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the Regional Office of Education #38 include office equipment, computers, audiovisual equipment, and office furniture. The Regional Office of Education #38 maintains an inventory of capital assets which have been accumulated over time. In FY15, there were no additions and depreciation expense for FY15 was \$3,839. See Note 3 to the financial statements for additional information about the Regional Office's capital assets.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Economic Factors and Next Year's Budget

On June 25, 2012, Governor Pat Quinn signed Senate Bill 2706 into law. This became Public Act 97-0703, which calls for the realignment of Regional Offices of Education from the current 44 to 35. In addition, it reset the minimum census population that a Regional Office of Education can serve from 43,000 to 61,000. The statute states that realignment shall take effect on July 1, 2015, and agreements were to have been finalized on or before June 30, 2013. However, by June 30, 2013, consolidation efforts had only resulted in attaining 37 offices, and it was believed that realignment through legislation might be required, should ISBE be unable to direct further consolidation. County Boards for many of the affected offices, including boards representing Logan, Mason, and Menard Counties, had met the legislative deadline to pass resolutions and create intergovernmental agreements with regard to new configurations, and, although there was a concern that those would be disregarded, all existing agreements were, ultimately, permitted to stand, along with the additional efforts to combine other ROE's in order to reach the mandated 35. Therefore, Logan County will be joining the DeWitt, Livingston, and McLean County Education Service Region; Mason County will join Tazewell County, and, along with Woodford County, will form the Mason, Tazewell, and Woodford Education Service Region; and, finally, Menard County will join Sangamon County. Efforts continue to address consolidation procedures, and, barring further change, as of July 1, 2015, the existing three-county structure will be dissolved and, along with the other affected ROEs, the counties will be aligned into the new regional structures. Thus, this Regional Office of Education will cease to exist beyond that date.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office of Education #38's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the DeWitt/Livingston/Logan/McLean Counties Regional Office of Education #17 at 200 W. Front Street, Ste 500D, Bloomington, IL 61701.

BASIC FINANCIAL STATEMENTS

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 16,717	\$ 16,717
Due from other governments:		
Local	69,396	69,396
TOTAL ASSETS	<u>86,113</u>	<u>86,113</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>48,935</u>	<u>48,935</u>
LIABILITIES		
Current Liabilities:		
Due to other governments:		
Local	<u>2,082</u>	<u>2,082</u>
Total Current Liabilities	2,082	2,082
Noncurrent Liabilities:		
Net pension liability	<u>85,882</u>	<u>85,882</u>
Total Noncurrent Liabilities	85,882	85,882
TOTAL LIABILITIES	<u>87,964</u>	<u>87,964</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>13,902</u>	<u>13,902</u>
NET POSITION		
Restricted-other	66,843	66,843
Unrestricted	<u>(33,661)</u>	<u>(33,661)</u>
TOTAL NET POSITION	<u>\$ 33,182</u>	<u>\$ 33,182</u>

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	Net (Expense) Revenue and	
		Operating Grants and Contributions	Changes in Net Position	
			Governmental Activities	Total
Primary Government:				
Governmental Activities:				
Instructional Services				
Salaries and benefits	\$ 156,590	\$ 56,167	\$ (100,423)	\$ (100,423)
Purchased services	46,997	8,661	(38,336)	(38,336)
Supplies and materials	3,101	1,098	(2,003)	(2,003)
Other objects	3,068	-	(3,068)	(3,068)
Depreciation expense	3,839	-	(3,839)	(3,839)
Payments to other governments	223,064	124,865	(98,199)	(98,199)
Pension expense	7,917	-	(7,917)	(7,917)
Administrative:				
On-behalf payments - State	318,053	-	(318,053)	(318,053)
Total Governmental Activities	762,629	190,791	(571,838)	(571,838)
TOTAL PRIMARY GOVERNMENT	\$ 762,629	\$ 190,791	(571,838)	(571,838)
GENERAL REVENUES:				
Local sources			122,711	122,711
State sources			106,230	106,230
On-behalf payments - State			318,053	318,053
Loss on disposal of capital assets			(9,854)	(9,854)
Investment earnings			55	55
Total General Revenues			537,195	537,195
CHANGE IN NET POSITION			(34,643)	(34,643)
NET POSITION - BEGINNING,				
Restated (See Note 11)			67,825	67,825
NET POSITION - ENDING			\$ 33,182	\$ 33,182

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Education Fund	General Education Development	Institute	Nonmajor Special Revenue Fund	Eliminations	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 16,137	\$ -	\$ -	\$ 580	\$ -	\$ -	\$ 16,717
Due from other governments:							
Local	3,133	433	29,410	31,860	4,560	-	69,396
TOTAL ASSETS	\$ 19,270	\$ 433	\$ 29,410	\$ 32,440	\$ 4,560	\$ -	\$ 86,113
LIABILITIES							
Due to other governments:							
Local	\$ 2,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,082
Total Liabilities	2,082	-	-	-	-	-	2,082
FUND BALANCE (DEFICIT)							
Restricted	-	433	29,410	32,440	4,560	-	66,843
Unassigned	17,188	-	-	-	-	-	17,188
Total Fund Balance (Deficit)	17,188	433	29,410	32,440	4,560	-	84,031
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 19,270	\$ 433	\$ 29,410	\$ 32,440	\$ 4,560	\$ -	\$ 86,113

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

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET POSITION
 GOVERNMENTAL FUNDS
 JUNE 30, 2015

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$	84,031
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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	\$ 48,935	
Deferred inflows of resources	<u>(13,902)</u>	35,033

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net pension obligation		<u>(85,882)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>33,182</u>
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LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Education Fund	General Educational Development	Institute	Nonmajor Special Revenue Fund	Eliminations	Total Governmental Funds
REVENUES							
Local sources	\$ 112,686	\$ 287	\$ 1,158	\$ 6,532	\$ 2,048	\$ -	\$ 122,711
State sources	98,199	159,311	-	-	854	-	258,364
On-behalf payments - State	318,053	-	-	-	-	-	318,053
Federal sources	-	38,657	-	-	-	-	38,657
Total Revenues	<u>528,938</u>	<u>198,255</u>	<u>1,158</u>	<u>6,532</u>	<u>2,902</u>	<u>-</u>	<u>737,785</u>
EXPENDITURES							
Instructional Services:							
Salaries and benefits	107,182	56,167	-	-	-	-	163,349
Pension expense	21,345	7,103	-	-	-	-	28,448
Purchased services	10,782	8,661	5,574	20,100	1,880	-	46,997
Supplies and materials	1,109	1,098	15	830	49	-	3,101
Other objects	3,053	-	-	15	-	-	3,068
Payments to other governments	98,199	124,865	-	-	-	-	223,064
On-behalf payments - State	318,053	-	-	-	-	-	318,053
Total Expenditures	<u>559,723</u>	<u>197,894</u>	<u>5,589</u>	<u>20,945</u>	<u>1,929</u>	<u>-</u>	<u>786,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES							
	<u>(30,785)</u>	<u>361</u>	<u>(4,431)</u>	<u>(14,413)</u>	<u>973</u>	<u>-</u>	<u>(48,295)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	6,001	-	-	-	-	(6,001)	-
Transfers out	(3,049)	-	(1,476)	(1,476)	-	6,001	-
Interest income	21	1	-	33	-	-	55
Total Other Financing Sources (Uses)	<u>2,973</u>	<u>1</u>	<u>(1,476)</u>	<u>(1,443)</u>	<u>-</u>	<u>-</u>	<u>55</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>(27,812)</u>	<u>362</u>	<u>(5,907)</u>	<u>(15,856)</u>	<u>973</u>	<u>-</u>	<u>(48,240)</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>45,000</u>	<u>71</u>	<u>35,317</u>	<u>48,296</u>	<u>3,587</u>	<u>-</u>	<u>132,271</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 17,188</u>	<u>\$ 433</u>	<u>\$ 29,410</u>	<u>\$ 32,440</u>	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ 84,031</u>

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (48,240)

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

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

Loss on disposal of capital assets	\$ (9,854)	
Depreciation expense	<u>(3,839)</u>	(13,693)

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

Pension contributions	\$ 28,448	
Cost of benefits earned, net	<u>(7,917)</u>	20,531

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.

PY compensated absences expense		<u>6,759</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (34,643)

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

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 5
Due from other governments	2,689
Total Assets	\$ 2,694
 LIABILITIES	
Due to other governments	\$ 2,694
Total Liabilities	\$ 2,694

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Logan/Mason/Menard Counties Regional Office of Education #38 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2015, the Regional Office of Education #38 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Regional Office of Education #38 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 includes a liability for the government's proportionate share of the employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through April 11, 2016, the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is 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 #38's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted by law.

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

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

For the period ended June 30, 2015, the Regional Office of Education #38 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 #38. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #38's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #38 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #38 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.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #38 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #38 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #38 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #38'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 #38'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 #38 accompanied by a total column. These statements are presented using an economic resources measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #38's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and 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 appear as due to/due from other funds on the Governmental Fund Balance Sheet and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide financial statements.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds or to move unrestricted funding.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #38; 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.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Logan/Mason/Menard Counties Regional Office of Education #38 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Regional Office of Education #38's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

G. FUND ACCOUNTING

The Regional Office of Education #38 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 #38 uses governmental and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, (including deferred outflows), liabilities, (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #38 has presented all major funds that met the above qualifications.

The Regional Office of Education #38 reports the following major governmental funds:

General Fund - The General Fund is used to account for financial resources traditionally associated with government which are not required to be accounted for and reported in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

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

Indirect Cost Fund - This fund accounts for the indirect costs for the Logan/Mason/Menard Counties Regional Office of Education #38.

Media Materials Fund - This fund is used to account for library and video materials that are available to all the districts in the region.

Operating Fund - This fund accounts for all financial support of the Logan/Mason/Menard Counties Regional Office of Education #38 and is its primary operating fund.

Substitute Teacher Fingerprinting Fund - This fund is used to account for fingerprinting services for new substitute teachers in the region.

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

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

Gifted - This was a one-time State grant to prepare teachers to identify and address the academic needs of students in their classrooms through differentiated instructional practices.

McKinney-Vento Homeless Children and Youth - This program is to provide for a local homeless liaison to help homeless students in the Region.

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

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

Rural Education Achievement Program - This program is intended to enhance education through technology and to improve the academic achievement of disadvantaged children.

ROE/ISC Operations - This program accounts for monies for general and administrative expenditures.

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

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

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

Nonmajor Special Revenue Fund

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

FIDUCIARY FUNDS

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #38 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 the measurement of the results of operations:

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

Distributive Fund - This fund distributes monies received from the State out to the school districts and other entities. The Regional Office of Education #38 has agreements with all districts in the region whereby the Regional Office of Education #38 is allowed to keep the interest for expenditures benefiting all districts.

School Facility Occupation Tax - This fund is to account for proceeds generated through the school facility occupation tax. The monies are distributed to each school district located within the county in which the tax was collected. The monies are distributed on an enrollment basis.

Land Transfer Fund - The Regional Office of Education #38 is responsible for a land transfer petition. A person wishing to send their child to another school district can petition the Regional Board of School Trustees to detach their property from one district and annex it to another. The petitioner is required to pay for this process and this fund tracks the money they pay to the office.

H. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a Governmental Fund's net position that is not available to be spent, either short term or long term, due to either its form or legal restrictions. The Regional Office of Education #38 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a Governmental Fund's net position that is subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: General Education Development, Institute, and Bus Driver Training funds. The following Education Fund accounts are restricted by grantor restrictions: Gifted, McKinney-Vento Homeless Children and Youth, and Truants Alternative and Optional Education.

Committed Fund Balance - The portion of a Governmental Fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #38 has no committed fund balances.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

Assigned Fund Balance - The portion of a Governmental Fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #38 has no assigned fund balances.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The fund balances of the following accounts are comprised of unassigned fund balances: Indirect Cost Fund and Operating Fund.

I. 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.

J. CASH AND CASH EQUIVALENTS

The Regional Office of Education #38 considers cash on hand, checking accounts, savings accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2015, cash and cash equivalents consisted of cash on deposit and investments in money market accounts.

K. 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.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CAPITAL ASSETS

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

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

Office equipment and furniture	8 - 15 years
Computer equipment	5 - 8 years
Leasehold Improvements	15 - 25 years

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

M. COMPENSATED ABSENCES

Full-time employees can earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 23 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Employees who work less than 12 calendar months per year do not earn vacation days. At June 30, 2015, the liability for unused vacation days decreased \$6,759 from prior year to \$-0-.

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

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

N. BUDGET INFORMATION

The Regional Office of Education #38 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: McKinney-Vento Homeless Children and Youth, System of Support, Regional Safe Schools, ROE/ISC Operations, and Truants Alternative and Optional Education.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #38 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

A. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education #38’s government-wide and Agency fund deposits were \$16,717 and \$5, respectively and the bank balances were \$20,542 and \$-0-, respectively. Of the total bank balances as of June 30, 2015, \$19,962 was insured by Federal Depository Insurance Corporation and \$580 was invested in the Illinois Funds Money Market Fund.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

A. DEPOSITS (Concluded)

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #38's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office.

B. INVESTMENTS

The Regional Office of Education #38's only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2015, the Regional Office of Education #38 had investments with carrying and fair values of \$580 invested in the Illinois Funds Money Market Fund. This amount is included in cash and cash equivalents in the financial statements.

CREDIT RISK

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

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #38 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 table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
Capital assets being depreciated:				
Office furniture & equipment	\$ 62,961	\$ -	\$ 62,961	\$ -
Total capital assets being depreciated	<u>62,961</u>	<u>-</u>	<u>62,961</u>	<u>-</u>
Less accumulated depreciation:				
Office furniture & equipment	(49,268)	(3,839)	(53,107)	-
Total accumulated depreciation	<u>(49,268)</u>	<u>(3,839)</u>	<u>(53,107)</u>	<u>-</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 13,693</u>	<u>\$ (3,839)</u>	<u>\$ 9,854</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$3,839 was charged to the governmental activities on the government-wide Statement of Activities for the year ended June 30, 2015. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 4 – DEFINED-BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #38'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 #38'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.

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	14
Inactive Plan Members entitled to but not yet receiving benefits	7
Active Plan Members	4
Total	25

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

Contributions

As set by statute, the Regional Office of Education #38'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 #38's annual contribution rate for calendar year 2014 was 19.45%. For the calendar year ended 2014, the Regional Office of Education #38 contributed \$27,386 to the plan. The Regional Office of Education #38 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #38's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

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

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

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

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

Single Discount Rate

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

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

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Balances at December 31, 2013	\$ 1,336,247	\$ 1,247,185	\$ 89,062
Changes for the year:			
Service Cost	17,226	-	17,226
Interest on the Total Pension Liability	98,923	-	98,923
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(71,067)	-	(71,067)
Changes of Assumptions	51,399	-	51,399
Contributions - Employer	-	27,386	(27,386)
Contributions - Employees	-	6,336	(6,336)
Net Investment Income	-	66,821	(66,821)
Benefit Payments, including Refunds of Employee Contributions	(56,229)	(56,229)	-
Other (Net Transfer)	-	(882)	882
Net Changes	40,252	43,432	(3,180)
Balances at December 31, 2014	\$ 1,376,499	\$ 1,290,617	\$ 85,882

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

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

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability/(Asset)	\$ 236,278	\$ 85,882	\$ (30,878)

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

For the year ending June 30, 2015, the Regional Office of Education #38 recognized pension expense of \$7,917. At June 30, 2015, the Regional Office of Education #38 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – DEFINED-BENEFIT PENSION PLAN (Concluded)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 13,902
Changes of assumptions	10,055	-
Net difference between projected and actual earnings on pension plan investments	<u>20,136</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>30,191</u>	<u>13,902</u>
Pension Contributions made subsequent to the Measurement Date	<u>18,744</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 48,935</u></u>	<u><u>\$ 13,902</u></u>

\$18,744 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by successor Regional Offices of Education (see Note 10) as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods by the successor Regional Offices of Education as follows:

Year Ending December 31	Net Deferred Outflows of Resources
	<u> </u>
2015	\$ 1,187
2016	5,034
2017	5,034
2018	5,034
2019	-
Thereafter	<u>-</u>
Total	<u><u>\$ 16,289</u></u>

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 5 – RISK MANAGEMENT

The Regional Office of Education #38 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 #38 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 6 – INTERFUND ACTIVITY

TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 6,001	\$ 3,049
General Education Development Institute	-	1,476
	-	1,476
	\$ 6,001	\$ 6,001

NOTE 7 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #38:

Regional Superintendent Salary	\$ 106,356
Assistant Regional Superintendent Salary	95,373
Regional Superintendent Benefits (includes State-paid insurance)	26,490
Assistant Regional Superintendent Benefits (includes State-paid insurance)	23,263
TRS Pension Contributions	66,571
Total	\$ 318,053

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education.

These amounts have been recorded in the accompanying financial statements as State revenues and expenditures.

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #38’s General Fund, Education Fund, Institute Fund, Nonmajor Special Revenue Fund, and Agency Funds have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

General Fund

Local Governments	\$ 3,133
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Education Fund

Local Governments	433
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General Education Development

Local Governments	29,410
-------------------	--------

Institute

Local Governments	31,860
-------------------	--------

Nonmajor Special Revenue Fund

Local Governments	4,560
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Agency Funds

Local Governments	2,689
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Total Due from Other Governments	\$ 72,085
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Due to Other Governments:

General Fund

Local Governments	\$ 2,082
-------------------	----------

Agency Funds

Local Governments	2,694
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Total Due to Other Governments	\$ 4,776
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NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

The Regional Office of Education #38 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 #38 are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Regional Office of Education #38’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 #38 had no former employees for which the Regional Office of Education #38 was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Regional Office of Education #38 has not recorded any post-employment benefit liability as of June 30, 2015.

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 10 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Logan County will merge with the Regional Office of Education #17, Mason County will merge with the Regional Office of Education #53, and Menard County will merge with the Regional Office of Education #51.

NOTE 11 – RESTATEMENT

The Regional Office of Education #38 implemented GASB 68 and consequently recognized deferred outflows of resources and restated its net pension liability in the current year. Because the deferred inflows of resources and change in beginning net pension liability reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

Net position - July 1, 2014	\$ 80,677
Effect of recognizing deferred outflows of resources and restating net pension liability	(12,852)
Net position, restated - July 1, 2014	<u>\$ 67,825</u>

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

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014

Calendar Year Ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 17,226
Interest on the Total Pension Liability	98,923
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(71,067)
Changes of Assumptions	51,399
Benefit Payments, including Refunds of Employee Contributions	(56,229)
Net Change in Total Pension Liability	<u>40,252</u>
 Total Pension Liability - Beginning	 <u>1,336,247</u>
 Total Pension Liability - Ending (A)	 <u><u>\$ 1,376,499</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 27,386
Contributions - Employees	6,336
Net Investment Income	66,821
Benefit Payments, including Refunds of Employee Contributions	(56,229)
Other (Net Transfer)	(882)
Net Change in Plan Fiduciary Net Position	<u>43,432</u>
 Plan Fiduciary Net Position - Beginning	 <u>1,247,185</u>
 Plan Fiduciary Net Position - Ending (B)	 <u><u>\$ 1,290,617</u></u>
 Net Pension Liability - Ending (A) - (B)	 <u><u>\$ 85,882</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 93.76%
 Covered Valuation Payroll	 \$ 140,800
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 61.00%

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.

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
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	\$ 32,243 *	\$ 27,386	\$ 4,857	\$ 140,800	19.45%

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2014 Contribution Rates:

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

Other Information:

Notes: There were no benefit changes during the year.

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

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

OTHER SUPPLEMENTARY INFORMATION

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2015

	General State Aid	Indirect Cost Fund	Media Materials Fund	Operating Fund	Substitute Teacher Fingerprinting Fund	TOTALS
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 16,137	\$ -	\$ 16,137
Due from other governments						
Local	-	3,133	-	-	-	3,133
TOTAL ASSETS	\$ -	\$ 3,133	\$ -	\$ 16,137	\$ -	\$ 19,270
LIABILITIES						
Due to other governments						
Local	\$ -	\$ 2,082	\$ -	\$ -	\$ -	\$ 2,082
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	2,082	-	-	-	2,082
FUND BALANCE (DEFICIT)						
Unassigned	-	1,051	-	16,137	-	17,188
Total Fund Balance (Deficit)	-	1,051	-	16,137	-	17,188
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 3,133	\$ -	\$ 16,137	\$ -	\$ 19,270

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	General State Aid	Indirect Cost Fund	Media Materials Fund	Operating Fund	Substitute Teacher Fingerprinting Fund	TOTALS
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ 112,668	\$ 18	\$ 112,686
State sources	98,199	-	-	-	-	98,199
On-behalf payments - State	-	-	-	318,053	-	318,053
Total Revenues	<u>98,199</u>	<u>-</u>	<u>-</u>	<u>430,721</u>	<u>18</u>	<u>528,938</u>
EXPENDITURES						
Salaries and benefits	-	3,877	-	103,305	-	107,182
Pension expense	-	697	-	20,648	-	21,345
Purchased services	-	4,227	-	6,546	9	10,782
Supplies and materials	-	-	-	1,109	-	1,109
Other objects	-	-	-	3,053	-	3,053
Payments to governments	98,199	-	-	-	-	98,199
On-behalf payments - State	-	-	-	318,053	-	318,053
Total Expenditures	<u>98,199</u>	<u>8,801</u>	<u>-</u>	<u>452,714</u>	<u>9</u>	<u>559,723</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(8,801)</u>	<u>-</u>	<u>(21,993)</u>	<u>9</u>	<u>(30,785)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	6,001	-	-	-	6,001
Transfers out	-	-	(1,448)	-	(1,601)	(3,049)
Interest income	-	-	1	20	-	21
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,001</u>	<u>(1,447)</u>	<u>20</u>	<u>(1,601)</u>	<u>2,973</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>-</u>	<u>(2,800)</u>	<u>(1,447)</u>	<u>(21,973)</u>	<u>(1,592)</u>	<u>(27,812)</u>
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>3,851</u>	<u>1,447</u>	<u>38,110</u>	<u>1,592</u>	<u>45,000</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 1,051</u>	<u>\$ -</u>	<u>\$ 16,137</u>	<u>\$ -</u>	<u>\$ 17,188</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	<u>Gifted</u>	<u>McKinney-Vento Homeless Children and Youth</u>	<u>System of Support</u>	<u>Regional Safe Schools</u>
ASSETS				
Due from other governments:				
Local	\$ 71	\$ 4	\$ -	\$ -
TOTAL ASSETS	<u>\$ 71</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE (DEFICIT)				
Restricted	\$ 71	\$ 4	\$ -	\$ -
Total Fund Balance (Deficit)	<u>71</u>	<u>4</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 71</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	Rural Education Achievement Program	ROE/ISC Operations	Truants Alternative and Optional Education	TOTALS
ASSETS				
Due from other governments:				
Local	\$ -	\$ -	\$ 358	\$ 433
TOTAL ASSETS	\$ -	\$ -	\$ 358	\$ 433
FUND BALANCE (DEFICIT)				
Restricted	\$ -	\$ -	\$ 358	\$ 433
Total Fund Balance (Deficit)	-	-	358	433
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ -	\$ 358	\$ 433

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Gifted	McKinney-Vento Homeless Children and Youth	System of Support	Regional Safe Schools
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	49,354
Federal sources	-	9,226	9,676	-
Total Revenues	<u>-</u>	<u>9,226</u>	<u>9,676</u>	<u>49,354</u>
EXPENDITURES				
Salaries and benefits	-	8,074	1,023	-
Pension expense	-	71	224	-
Purchased services	-	987	7,454	-
Supplies and materials	-	90	975	-
Payments to other governments	-	-	-	49,354
Total Expenditures	<u>-</u>	<u>9,222</u>	<u>9,676</u>	<u>49,354</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Interest income	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)				
	-	4	-	-
FUND BALANCE (DEFICIT) - BEGINNING				
	<u>71</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING				
	<u>\$ 71</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Rural Education Achievement Program	ROE/ISC Operations	Truants Alternative and Optional Education	TOTALS
REVENUES				
Local sources	\$ -	\$ -	\$ 287	\$ 287
State sources	-	55,756	54,201	159,311
Federal sources	19,755	-	-	38,657
Total Revenues	19,755	55,756	54,488	198,255
EXPENDITURES				
Salaries and benefits	-	-	47,070	56,167
Pension expense	-	-	6,808	7,103
Purchased services	-	-	220	8,661
Supplies and materials	-	-	33	1,098
Payments to other governments	19,755	55,756	-	124,865
Total Expenditures	19,755	55,756	54,131	197,894
EXCESS OF REVENUES OVER EXPENDITURES				
	-	-	357	361
OTHER FINANCING SOURCES:				
Interest income	-	-	1	1
Total Other Financing Sources	-	-	1	1
NET CHANGE IN FUND BALANCE (DEFICIT)				
	-	-	358	362
FUND BALANCE (DEFICIT) - BEGINNING				
	-	-	-	71
FUND BALANCE (DEFICIT) - ENDING				
	\$ -	\$ -	\$ 358	\$ 433

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
McKINNEY-VENTO HOMELESS CHILDREN AND YOUTH
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 8,365	\$ 9,365	\$ 9,226
Total Revenue	<u>8,365</u>	<u>9,365</u>	<u>9,226</u>
EXPENDITURES			
Salaries and benefits	7,499	8,145	8,074
Pension expense	-	-	71
Purchased services	691	1,045	987
Supplies and materials	175	175	90
Total Expenditures	<u>8,365</u>	<u>9,365</u>	<u>9,222</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	4
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SYSTEM OF SUPPORT
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 50,000	\$ 50,000	\$ 9,676
Total Revenue	<u>50,000</u>	<u>50,000</u>	<u>9,676</u>
EXPENDITURES			
Salaries and benefits	1,247	1,247	1,023
Pension expense	-	-	224
Purchased services	47,532	47,532	7,454
Supplies and materials	1,221	1,221	975
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>9,676</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	-	-	-
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
State	\$ 50,490	\$ 49,354	\$ 49,354
Total Revenue	<u>50,490</u>	<u>49,354</u>	<u>49,354</u>
EXPENDITURES			
Salaries and benefits	50,490	49,354	-
Payments to other governments	-	-	49,354
Total Expenditures	<u>50,490</u>	<u>49,354</u>	<u>49,354</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State	\$ 55,756	\$ 55,756	\$ 55,756
Total Revenue	<u>55,756</u>	<u>55,756</u>	<u>55,756</u>
EXPENDITURES			
Payments to other governments	<u>55,756</u>	<u>55,756</u>	<u>55,756</u>
Total Expenditures	<u>55,756</u>	<u>55,756</u>	<u>55,756</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Local	\$ -	\$ -	\$ 287
State	55,449	54,201	54,201
Total Revenue	<u>55,449</u>	<u>54,201</u>	<u>54,488</u>
EXPENDITURES			
Salaries and benefits	50,012	53,881	47,070
Pension expense	-	-	6,808
Purchased services	5,123	250	220
Supplies and materials	314	70	33
Total Expenditures	<u>55,449</u>	<u>54,201</u>	<u>54,131</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>357</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	1
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	358
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 358</u></u>

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUND
 JUNE 30, 2015

	<u>Bus Driving Training</u>	<u>TOTALS</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Due from other governments - Local	<u>4,560</u>	<u>4,560</u>
TOTAL ASSETS	<u><u>\$ 4,560</u></u>	<u><u>\$ 4,560</u></u>
FUND BALANCE (DEFICIT)		
Restricted	<u>\$ 4,560</u>	<u>\$ 4,560</u>
Total Fund Balance (Deficit)	<u>4,560</u>	<u>4,560</u>
TOTAL FUND BALANCE (DEFICIT)	<u><u>\$ 4,560</u></u>	<u><u>\$ 4,560</u></u>

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Bus Driving Training	TOTAL
REVENUES		
Local sources	\$ 2,048	\$ 2,048
State sources	854	854
Total Revenues	2,902	2,902
EXPENDITURES		
Purchased services	1,880	1,880
Supplies and materials	49	49
Total Expenditures	1,929	1,929
NET CHANGE IN FUND BALANCE (DEFICIT)	973	973
FUND BALANCE (DEFICIT) - BEGINNING	3,587	3,587
FUND BALANCE (DEFICIT) - ENDING	\$ 4,560	\$ 4,560

LOGAN/MASON/MENARD COUNTIES
 REGIONAL OFFICE OF EDUCATION #38
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2015

	Distributive Fund	School Facility Occupation Tax	Land Transfer Fund	TOTALS
ASSETS				
Cash and cash equivalents	\$ 5	\$ -	\$ -	\$ 5
Due from other governments	170	1,912	607	2,689
Total Assets	<u>\$ 175</u>	<u>\$ 1,912</u>	<u>\$ 607</u>	<u>\$ 2,694</u>
LIABILITIES				
Due to other governments	\$ 175	\$ 1,912	\$ 607	\$ 2,694
Total Liabilities	<u>\$ 175</u>	<u>\$ 1,912</u>	<u>\$ 607</u>	<u>\$ 2,694</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 1,458	\$ 579,804	\$ 581,257	\$ 5
Due from other governments	7,221	-	7,051	170
Total Assets	<u>\$ 8,679</u>	<u>\$ 579,804</u>	<u>\$ 588,308</u>	<u>\$ 175</u>
LIABILITIES				
Due to other governments	<u>\$ 8,679</u>	<u>\$ 579,804</u>	<u>\$ 588,308</u>	<u>\$ 175</u>
Total Liabilities	<u>\$ 8,679</u>	<u>\$ 579,804</u>	<u>\$ 588,308</u>	<u>\$ 175</u>
<u>SCHOOL FACILITY OCCUPATION TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 540	\$ 2,610,940	\$ 2,611,480	\$ -
Due from other governments	-	1,912	-	1,912
Total Assets	<u>\$ 540</u>	<u>\$ 2,612,852</u>	<u>\$ 2,611,480</u>	<u>\$ 1,912</u>
LIABILITIES				
Due to other governments	<u>\$ 540</u>	<u>\$ 2,612,852</u>	<u>\$ 2,611,480</u>	<u>\$ 1,912</u>
Total Liabilities	<u>\$ 540</u>	<u>\$ 2,612,852</u>	<u>\$ 2,611,480</u>	<u>\$ 1,912</u>
<u>LAND TRANSFER FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 568	\$ 393	\$ 961	\$ -
Due from other governments	-	607	-	607
Total Assets	<u>\$ 568</u>	<u>\$ 1,000</u>	<u>\$ 961</u>	<u>\$ 607</u>
LIABILITIES				
Due to other governments	<u>\$ 568</u>	<u>\$ 1,000</u>	<u>\$ 961</u>	<u>\$ 607</u>
Total Liabilities	<u>\$ 568</u>	<u>\$ 1,000</u>	<u>\$ 961</u>	<u>\$ 607</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 2,566	\$ 3,191,137	\$ 3,193,698	\$ 5
Due from other governments	7,221	2,519	7,051	2,689
Total Assets	<u>\$ 9,787</u>	<u>\$ 3,193,656</u>	<u>\$ 3,200,749</u>	<u>\$ 2,694</u>
LIABILITIES				
Due to other governments	<u>\$ 9,787</u>	<u>\$ 3,193,656</u>	<u>\$ 3,200,749</u>	<u>\$ 2,694</u>
Total Liabilities	<u>\$ 9,787</u>	<u>\$ 3,193,656</u>	<u>\$ 3,200,749</u>	<u>\$ 2,694</u>

LOGAN/MASON/MENARD COUNTIES
REGIONAL OFFICE OF EDUCATION #38
SCHEDULE OF DISBURSEMENTS TO
SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Regional Vocational Delivery System	Regional Office of Education #38	Total
General State Aid	\$ -	\$ 98,199	\$ 98,199
Career & Technical Ed Improvement	262,006	-	262,006
ROE School Bus Driver Training	-	854	854
Truants Alternative/Optional Education	-	54,201	54,201
Regional Safe Schools	-	49,354	49,354
ROE/ISC Operations	-	55,756	55,756
CTE - Perkins - Secondary	60,887	-	60,887
TOTAL	\$ 322,893	\$ 258,364	\$ 581,257